

FINANCIAL TIMES

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F.T.

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World Business Newspaper

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Bomb fears after Romanian Airbus crashes killing 59

All 59 people on board an Airbus A310 operated by Tarom, the Romanian state carrier, were killed when it crashed minutes after taking off from Bucharest's Otopeni airport in poor weather conditions. Witnesses said they had heard an explosion before the plane crashed in a field 20km (12 miles) north of the village of Balotesti. Picture, Page 2

French move threatens \$1.6bn deal: An agreement between Matra Defence and British Aerospace to create a Euro (EU) missile joint venture has run into a last-minute obstacle as the French government seeks assurances. Page 22

US economic growth slowing: The US economy grew more strongly than suspected at the end of last year but the growth rate has since decelerated, official figures indicated. Page 2

Japanese deregulation plan unveiled: The Japanese government's five-year deregulation plan to restructure the domestic economy, was met with a chorus of complaints from disappointed business leaders and public figures. Page 3

Progress in fish dispute: EU and Canadian officials reported steady progress in talks on the dispute over the allocation of a quota for Greenland halibut, or turbot, in the disputed fishing grounds off the coast of Newfoundland. Page 2

UK prime minister unveils new agenda: British prime minister John Major will launch a new Conservative agenda based on the party's "core principles" in an attempt to win back the support of middle-income voters in the run-up to next month's local election campaign. Page 22

Dollar slide undermines confidence: Confidence in currency markets following rate cuts by the Bundesbank this week were strongly challenged in London when the dollar resumed its slide. The FT-SE 100 share index fell more than 40 points, as market makers reacted to sharply falling prices in New York. The Footsie later rallied to a close of 3,373.4, for a net loss of 38.3 as the Dow Average also recovered to record a fall of 33 points in UK trading hours.

Chirac criticises Balladur's record: Jacques Chirac, the Gaullist French presidential candidate, attacked prime minister Edouard Balladur for his record on unemployment and called for a more ambitious job-creation policy. Page 2

Microsoft injunction rejected: A federal judge has rejected Apple Computer's request for a preliminary injunction against Microsoft to halt shipments of its Video for Windows program. Page 7

Alcatel in rescue Eurozone: Alcatel Alsthom, the embattled French industrial group, is taking the rescue of Eurozone, the loss-making European television news channel. Page 3

Dutch insurer lifts profits: Dutch insurer, Aegon, posted a 14.6 per cent increase in 1994 net profit and predicted a rise of between 7 and 12 per cent for 1995. Net profit rose to Ft 1.5bn (\$743m) from Ft 1.1bn a year earlier. Page 7

US Senate backs logging changes: The US timber industry is hoping for a quick boost to logging in federal forests after the Senate backed the felling of dead, diseased and fire-damaged trees without the usual environmental checks. Page 3

Jardine Matheson up 16.4%: Jardine Matheson, the Hong Kong conglomerate controlled by the Kwok family, announced a 16.4 per cent rise in net profits to US\$462.6m in the year to end-December from \$395.2m. Page 7; Lex, 22

Lebanese fire rockets into Israel: Israeli helicopters attacked three south Lebanese villages controlled by the pro-Israeli Hizbollah after rockets fired from the area hit villages in northern Israel killing one person and wounding nine.

Cantona escapes jail: Manchester United footballer Eric Cantona won an appeal against a two-week jail sentence imposed after an attack on a spectator in January. A judge ordered him to do 120 hours of community service.

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Russia set for pact with banks on sell-offs

By Chrysis Freeland and John Thornhill in Moscow

The Russian government has given preliminary approval to a controversial plan for a consortium of Russian banks to take over the management of the government's stake in many leading companies.

In exchange, the banks would lend the government money to help cover its budget deficit, in an ambitious plan which could have a wide-ranging impact on the shape of Russia's economy.

The proposals, approved by the cabinet on Thursday, ran into strong criticism yesterday from some liberals within the government and from business leaders not included in the bankers' consortium. They said the plan threatened to give a clique of government officials and their chosen bankers a stranglehold over the economy and exclude outsiders such as western investors.

The banks involved all have close links with the government. The enterprises they are seeking to control number some of Russia's leading companies including Gazprom, the gas company, all of the nation's oil companies, Norilsk Nickel, the world's largest nickel producer, Rostelecom, the telecommunications operator, and UES, the electricity monopoly.

"This proposal shows that strong banks and weak enterprises together want to set up an oligarchy in the Russian economy," said Mr. Mikhail Zadornov, chairman of the parliament's budget committee, said. "A battle around this issue is raging within the government, a battle of rival interest groups."

According to a source who attended the cabinet meeting where the proposal was first broached, Mr. Oleg Soskovets, Russia's hardline first deputy prime minister who has close ties to the defence sector, strongly opposed the plan. No one openly opposed it, though some liberal officials are thought to have strong reservations.

Mr. Chernomyrdin asked the bankers to come back to the government with more details in two weeks.

The bankers' consortium is thought to unite as many as eight of Russia's most powerful banks, including Imperial, Menatep, Otkrybank, Stolychny and Inkombank, which all have intimate ties with the government.

For example, Imperial bank, which is one of Russia's leading financiers of the oil and gas sector, is part owned by Gazprom, the monopoly natural gas exporter that was managed by Mr. Chernomyrdin before he became prime minister.

The bankers would control the management and the profits of the companies for a fixed period of perhaps five years. They see their proposal as an alternative to the government selling shares in key state enterprises.

The government was intending to raise \$2.100bn (\$1.5bn) through the share sale but some officials expressed fears that in Russia's infant capital market the treasury is unlikely to obtain their full value. The bankers' idea could be attractive because, in theory, it would allow the government to postpone the sale of its stake but, at the same time, receive loans from the consortium to help cover the budget deficit.

wards," the prime minister's spokesman said.

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Haiti's president Jean-Bertrand Aristide greets Bill Clinton as the US president arrives in Port-au-Prince yesterday for ceremonies to mark the handover of power from a US-led force to United Nations peacekeepers. Picture: Reuters

UK monopolies body to study telephone proposals

By Alan Cane in London

Proposals which would have led to greater competition in Britain's telecommunications are to be referred to the Monopolies and Mergers Commission after the board of British Telecommunications, the UK's largest telecommunications operator, last night rejected modifications to its licence.

The modifications, proposed by Mr. Don Cruickshank, director-general of OfTel, the telecoms watchdog, are designed to speed up the introduction of number portability, which enables a residential or business customer to keep the same telephone number when changing operators.

Having to change numbers is known to deter subscribers from switching their operator, even

if lower call charges are offered.

Mr. Cruickshank said yesterday: "I am disappointed that BT has not been able to accept the licence modification that I have proposed for number portability in so far as it concerns how the costs of portability are to be borne."

The unexpected announcement came at the end of a two-day meeting at which other proposed licence amendments were agreed by the board.

These include the separation for accounting purposes of BT's businesses so that its costs and profits can be more accurately determined.

Accounting separation will be used by OfTel to check that BT is not subsidising one service from the profits of another,

contrary to the regulations.

It will be the first time a stalemate between BT and the regulator has led to a commission referral. While failure to agree a licence change can lead automatically to a referral under existing rules, both sides have avoided this option because of the amount of management time spent in dealing with the process.

BT said it was not against number portability in principle, but it could not accept OfTel's proposal that its shareholders and customers should pay the costs of providing it.

Significant costs are incurred in modifying networks and

Judge pitches in to give baseball fans hope

By Jurek Martin in Washington

It came down to this yesterday, as it often does in America. The immediate future of the national sport of baseball, whose next season officially starts tomorrow night, rested not in the gauntlet, gloved hands of pitchers and batters or the cigar-toting maws of 28 team owners, but with the pen of law wielded by a judge who happens to be a woman.

But as Judge Sonia Sotomayor said in court yesterday: "You can't grow up in the Bronx [home of the New York Yankees] without knowing about baseball." With that background, she then gave hope that the game might yet again be played on professional fields of dreams this summer as well as on the sandlots of America.

She granted an injunction sought by the National Labour Relations Board, the government mediation agency, that would restore the sport's collective bargaining system, the ending of which forced the players to walk out on strike last August. She also denied the owners' request of a stay of execution pending an appeal.

Her ruling means that the players, whose solidarity throughout has belied their reputation as overpaid individualists, will end their walk-out. The stitched white ball has now been thrown straight at the owners, who are due to meet over the weekend in Chicago.

Their options are to accept the ruling and continue to negotiate a new contract over revenue sharing in the months ahead; to settle directly with the players' union; or to order a lock-out and start the season with "replacement" players, most of whom have not played the game seriously for years - if ever.

Although the owners voted 26-2 on Thursday to use replacement labour, a settlement in the bottom of the ninth inning is possible. They are coming under increasing pressure from television and radio stations and from corporate advertisers, neither of which want to be associated with a sub-standard sport using

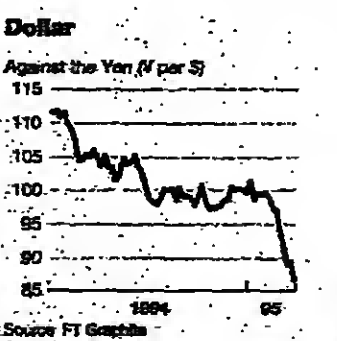
US and European markets fall as dollar hits fresh low

By Philip Gawth in London and Lisa Branstetter in New York

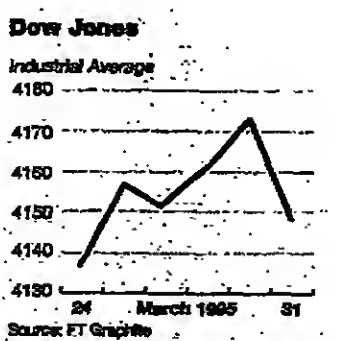
The dollar fell to a fresh postwar low against the yen yesterday amid disappointment at its lacklustre response to a cut in German interest rates and concern that Japanese investors were selling the currency.

Dollar weakness spilled over into bond and equity markets in Europe and the US, where reports that an emergency meeting of the US Federal Reserve would raise interest rates to defend the dollar undermined Wall Street. The Dow Jones industrial average lost 60 points in the first 15 minutes of trading, and the 30-year Treasury bond fell by nearly a point.

US bonds and equities rallied



Source: FT Graphix



Source: FT Graphix

trading 15.6 down at 4,155.96 in

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STOCK MARKET INDICES			
FT-SE 100: 3,373.4 (-38.3)			
Yield: 4.94			
FT-SE Euro Stoxx 100: 1,254.3 (-13.7)			
FT-SE-A All-Share: 1,338.84 (-0.99)			
Nikkei: 10,138.96 (-372.27)			
New York: DOW Jones Ind. Ave.: 4,155.96 (-15.58)			
S & P Composite: 600.48 (-1.76)			
LONDON MONEY			
3-mo interest: 6.75% (6.75%)			
Life long gilt: 10.25% (10.25%)			
LIFE LONG GILT: 10.25% (10.25%)			
STERLING			
New York: 1.2803			
London: 1.2806 (1.5967)			
DM: 2.229 (2.2578)			
FFr: 7.8117 (7.8675)			
Sfr: 1.8341 (1.8883)			
Y: 140.728 (143.028)			
E index: 85.3 (85.5)			
Tokyo: 14,000 (14,000)			
US LUNCHTIME RATES			
Federal Funds: 6.75%			
3-mo T-bill: 6.50%			
Long Bond: 10.25%			
Yield: 7.443%			
NORTH SEA OIL (Anglo)			
Brent 15-day (July): \$17.485 (17.48)			
GOLD			
New York: 388.5 (388.5)			
London: 388.175 (388.4)			
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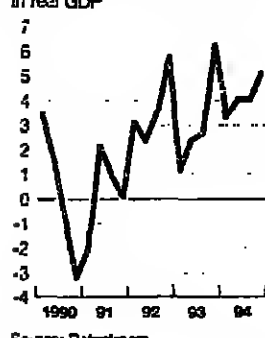
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NEWS: INTERNATIONAL

US real GDP growth

Annualised quarterly % change in real GDP



Economic growth slowing in US

By Michael Prowse in Washington

The US economy grew more strongly than expected at the end of last year but the growth rate has since decelerated, official figures indicated yesterday.

The Commerce Department said that real gross domestic product grew at an annualised rate of 5.1 per cent in the fourth quarter, rather than 4.6 per cent as previously estimated.

Final sales grew at an annualised rate of 5.7 per cent.

The upward revisions mainly reflected higher estimates of net exports and business fixed investment.

Separate figures, however, showed a 0.3 per cent decline in factory orders in February, the first drop recorded in four months.

The Chicago purchasing managers' index of business conditions fell sharply to 55.6 per cent in March against a figure of 62.7 per cent in February, suggesting the national purchasing survey, due next week, may show further signs of moderating growth in manufacturing.

The University of Michigan consumer sentiment index also fell, to 90.3 in March, against 95.1 in February, in contrast to earlier data from the New York Conference Board showing a gain in confidence in March.

The figures were published as the dollar fell sharply on foreign exchange markets despite the half-point cut in German interest rates announced by the Bundesbank on Thursday.

The dollar's weakness unsettled domestic financial markets. By midday the Dow Jones Industrial Average was down 18.33 at 4,154.23. The benchmark long bond was down half a point to yield 7.453.

Rapid growth in the fourth quarter marked the 15th consecutive quarter of expansion since the 1990/91 recession. Growth this quarter is widely expected to decline to about 2.5 per cent at an annualised rate.

Although the GDP figures are seasonally adjusted, similar slowdowns occurred in the first quarters of 1993 and 1994. In each case, growth later rebounded.

The Federal Reserve this week opted not to raise short-term interest rates, which are currently at 6.0 per cent, despite the dollar's weakness, because officials judged growth was slowing in lagged response to previous rate increases.

Economists, however, are divided on the likely extent and duration of any slow down.

Some recent figures, such as those in the Johnson Redbook retail survey, suggest consumer spending may already be rebounding.

Mr David Jones, chief economist at Aubrey G. Lanston, the New York broker, said he expected growth to rebound in the second half to an annualised rate of 3.5-4.0 per cent, making further rate increases likely.

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Générale Occidentale comes to aid of loss-making TV news channel

Alcatel arm takes Euronews stake

By John Ridding in Paris

Alcatel Alsthom, the embattled French industrial group, is riding to the rescue of Euronews, the loss-making European TV news channel and the continent's intended answer to CNN of the US.

Euronews said yesterday that Générale Occidentale, the media arm of Alcatel Alsthom, is to take a 34 per cent stake in the channel as part of a capital increase. The size of the investment was not disclosed, but is thought to be more than FF100m (£12.9m).

For Euronews, based in the outskirts of Lyons, the agreement marks the end of its hunt for a private-sector investor to stand alongside existing shareholders from the ranks of Europe's public broadcasters. The capital increase

should secure the future of the channel and provide resources for development.

For Alcatel, the investment represents a further step in its strategy of expansion into the media field. Générale Occidentale already owns a cable television network in Switzerland, and several magazines, such as Le Point and L'Express.

The channel, available to more than 70m homes via satellite and cable, has struggled since its launch at the beginning of 1993. Tough competition and the failure to secure adequate advertising brought losses of FF55m last year.

Advertising revenues have been limited partly as a result of the channel's formula, in which news images are broadcast with commentaries in five different languages.

The deal reflects the continuation of business as usual at Alcatel, despite the impact of corruption investigations which have shaken the group and deprived it of its chairman, Mr Pierre Suard. The Alcatel chief was last month barred from exercising his functions at the company by an investigating magistrate heading an inquiry into allegations that the transport, telecoms and engineering group overbilled France Télécom. Mr Suard, who has been placed under investigation in the case, denied any wrongdoing and is appealing against the ruling.

Alcatel yesterday declined to discuss details of the investment in Euronews. The channel said, however, that the 17 public service TV companies which own it had unanimously agreed the deal. Under the terms of the agreement, Générale Occidentale is to take an initial 49 per cent stake, which will be reduced to 34 per cent through the sale of shares to other companies.

Editorial independence is to be ensured through the maintenance of two separate organisations within Euronews. The editorial company, SECEME, will remain under full control of public service TV channels and will retain responsibility for the content of broadcasts.

Euronews said the capital increase would provide resources to strengthen the marketing and distribution of the channel. "Among the projects being examined are the further commercialisation of the channel outside Europe," it said in a statement.

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Chirac hits at Balladur over jobs record

By John Ridding

Mr Jacques Chirac, the Gaullist front-runner in France's presidential contest, yesterday attacked his rival, Mr Edouard Balladur, the prime minister, for his record on unemployment and called for a more ambitious job creation policy.

Unemployment is one of the main issues in the election and Mr Balladur has sought to capitalise on a steady decline over recent months. He claimed that a 10,000 fall in the number of unemployed in February,

announced this week, confirmed that the trend in unemployment had been reversed. Mr Chirac, however, accused the government of masking the real extent of unemployment by excluding people on short-term community service contracts and youth training schemes. "Since 1993, unemployment has increased statistically by 230,000. If you include the reinsertion contracts, that makes 390,000 more jobs in two years," he said.

In his strongest attack on the prime minister's unemployment policy, Mr Chirac, the

mayor of Paris, added that with 3.3m people still out of work, a fall of 10,000 in the number of jobless was "not significant and not ambitious enough". He said he favoured tougher measures to combat unemployment, such as payments to companies hiring those out of work for more than one year.

Mr Chirac, who holds a clear lead over his rivals in opinion polls for the April/May election, refused to condemn a wave of strikes which crippled France's transport system on Thursday. "Movements for

demands always have their reasons," he said in a radio interview.

His comments were echoed by other candidates. Mr Balladur said that it was "understandable that workers wanted to share the fruits of economic recovery". Mr Lionel Jospin, the Socialist candidate, gave strong support for the industrial action which, he said, demonstrated the strength of grievances in the public sector.

Mr Jospin received a boost yesterday when Mr Jean-François Hory, the candidate of the leftist Radical party, pulled out

of the race. Mr Hory said he was withdrawing because the left risked not being present in the second-round election runoff. "Radical and I refuse to bear this responsibility," he said.

Mr Hory has failed to make an impact in the election campaign. But his withdrawal demonstrates Mr Jospin's success in garnering support from the non-communist left. According to opinion polls, the Socialist candidate is running neck and neck with Mr Balladur in the battle to secure a place in the May 7 election runoff.

No survivors after Tarom Airbus comes down in field near Bucharest airport

Fifty-nine killed in Romanian air crash

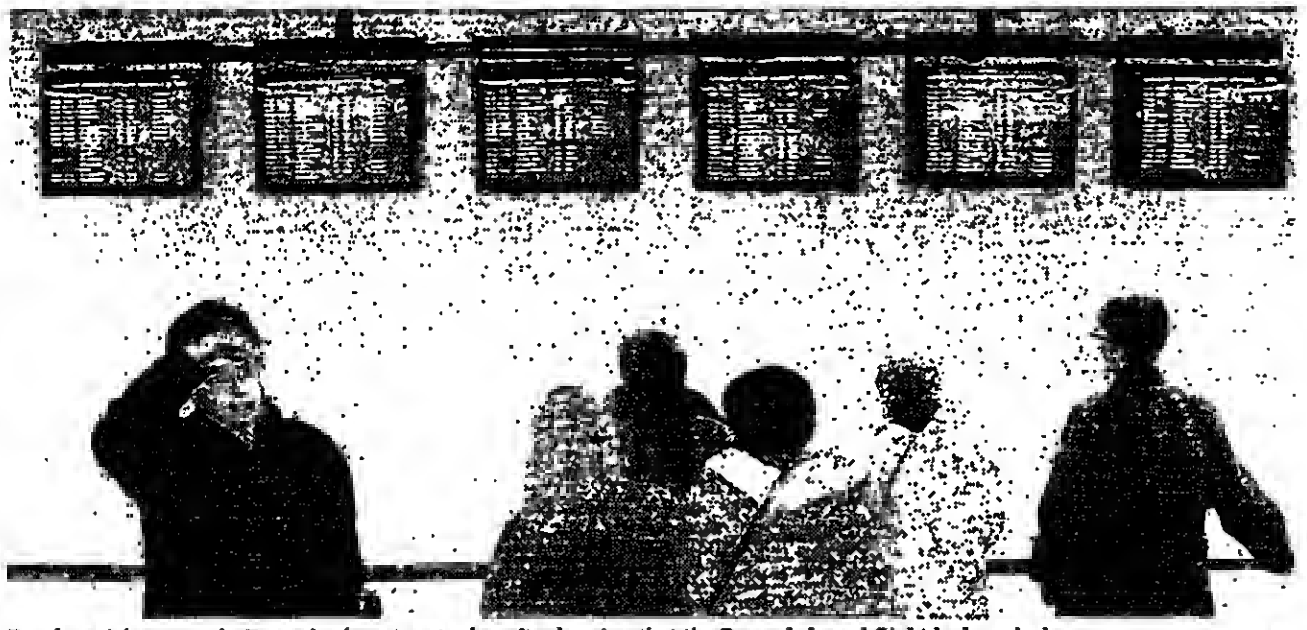
By Virginia Marsh in Budapest and Michael Skapinker in Toulouse

An Airbus A310 operated by Tarom, the Romanian state carrier, crashed yesterday, killing all 59 people on board, in the worst aviation accident in the airline's history.

The Brussels-bound aircraft crashed in a field 20km north of Bucharest's Otopeni airport, where it had taken off minutes earlier in poor weather conditions. Witnesses in Balotesti told Romanian radio they had heard an explosion before the jet fell out of the air and crashed near the village's railway station.

Tarom said it was grounding its other two A-310s until the causes of the accident were known.

Airbus Industrie, the European aircraft consortium, said from its headquarters in Toulouse, France, that it was sending a team of six investigators to assist the Romanian authorities in their investigation. The Airbus team will be joined by specialists from the French accidents investigation bureau.



People watch screens in Brussels airport yesterday after hearing that the Brussels-bound flight had crashed

Airbus said it had no information on what might have caused the accident, but it firmly defended its safety record, saying it compared favourably with that of other aircraft makers.

The consortium said it had suffered nine fatal crashes since its first aircraft, the A300, entered service in 1974. There have been two previous crashes involving A310 aircraft, which carry up to 220 passengers and which first entered service in 1983.

Since 1988, there have also been four crashes involving

Airbus's 150-seat A320 aircraft. The consortium said yesterday that investigators had not held the aircraft design responsible in any of its accidents.

The victims in yesterday's crash include Belgium's consul to Romania, a second Belgian diplomat and 30 Belgian citizens. Tarom officials said the Airbus was also carrying three Americans, two Spaniards, a Dutch citizen, a French citizen and 19 Romanians including 10 crew members.

Last month, another Brussels-bound Tarom flight was also forced to make an emergency

landing in western Romania after a bomb threat. One of many hoaxes since a bomb went off in northern Romania three weeks ago. Yesterday Baneasa, Bucharest's domestic airport, was closed after an anonymous bomb scare.

The aircraft in yesterday's accident entered service in the US in 1987. After it had been used by several US carriers, Tarom bought it in April last year. The aircraft, which was powered by Pratt & Whitney PW4000 engines, had made 6,220 flights over 31,000 hours since it first entered service.

Tarom ruled out pilot error as a reason for the crash. Last September, another Tarom-operated Airbus nose-dived and nearly crashed over Paris, in an accident blamed on a mistake by the pilot.

The crash is the first involving a civilian aircraft in Romania since 1989. However, the Romanian air force lost 11 aircraft, mainly Soviet-built Mig fighter jets, last year. The accidents were blamed on lack of funds which resulted in inadequate maintenance and reduced practice time for pilots.

US Senate vote raises timber industry's hopes

By George Graham in Washington

The US timber industry is hoping for a quick boost to logging in federal forests after the Senate backed a measure to allow the felling of dead, diseased and fire-damaged trees, known as salvage logging, without the usual environmental assessments and without court review.

Industry officials in Washington said the Senate's rejection of an amendment that would have let environmental or community groups challenge salvage logging permits in court would help restore timber harvest levels, which have sunk since the northern spotted owl was declared an endangered species.

But some environmental groups said the expansion of salvage logging would damage streams and soil in the north-west, and warned that the Senate action bodied ill for broader environmental debates in this Congress.

The salvage logging measure is attached to a broader bill cutting \$1.5bn (£2.4bn) from spending programmes already authorised for the current year, which has been delayed but was expected to pass the Senate last night or early next week. The House has already passed a similar bill cutting \$1.7bn in spending.

Logging in federal forests in the Pacific northwest has

fallen by about 75 per cent over the last four years, largely because of lawsuits challenging plans to log in areas where the spotted owl nests or where damage to streams has threatened the region's salmon and sea trout species.

While some fire-damaged trees are less valuable, most salvaged trees yield good timber if harvested within a year or two of being struck by fire or disease. Environmental and timber groups argue over whether salvage logging increases or decreases the risk of devastating forest fires.

But many forestry experts doubt that the government will be able to permit anything like the volume of salvage logging sought by the Republican majority in Congress.

The Senate measure includes no precise figure for the volume of salvage timber to be harvested, though it urges the Forest Service to meet its previously set targets. The House bill set a target of 60m board feet over two years.

Mr Lance Clark of American Forests, an interest group which promotes responsible forestry practices, warns that the Forest Service will be hard-pressed to meet its own target of 0.65bn to 1.5bn board feet, let alone the House target.

"We do not have a problem with salvage. It's an important economic activity. But setting targets is the wrong way to do it," he said.

Industry criticises Stockholm

By Christopher Brown-Humes in Stockholm

Twenty-two of Sweden's leading businessmen attacked the Social Democratic government's economic policies yesterday, saying international confidence in the country was fast diminishing.

Their criticism came as the krona plunged to a new low of SKr5.38 against the D-Mark, putting a swift end to the respite gained on Thursday when the Bundesbank lowered its interest rates.

In a letter to Mr Ingvar Carlsson, the prime minister, the industry leaders urged the government to do more to tackle the country's fast-rising debt, which is almost 90 per cent of gross national product.

"There is a paralysis in decision-making which can be fatal for the upturn in the economy," they said. "In our international contacts we can see a strongly growing lack of confidence in Sweden."

Signatories to the letter included Mr Peter Wallenberg, the head of the Wallenberg business empire; Mr Sören Gyll, chief executive of Volvo; and Mr Lars Hamqvist, chief executive of the Ericsson telecommunications group.

The government has announced tax rises of SKr40m (£2.4bn) and spending cuts of SKr50bn. But rising interest rates and the weakening krona have increased calls for tougher measures to cut a budget deficit of nearly SKr200bn.

Brussels warns Italy over mobile phone obstacles

By Andrew Hix in Milan

The European Commission yesterday threatened the Italian government with legal action if it did not act to end alleged discrimination against Italy's second mobile telephone operator.

Mr Karel Van Miert, the European competition commissioner, has written to Mr Agostino Gambino, Italy's telecoms minister, telling Rome to remove all obstacles to competition between Telecom Italia, the state-controlled telephone company, and Omnitel Pronto Italia, the new mobile phone operator.

But delivery of Mr Van Miert's letter coincided with signs that Omnitel and Telecom Italia, the state-controlled telephone company, may be ready to make peace.

Telecom Italia is due to launch its new digital mobile phone service today after a Rome appeals court dismissed Omnitel's complaints that it had an unfair head start. Omnitel is hoping to launch its rival digital phone service in the autumn.

Within hours of the decision, the managing directors of the two companies met in a Rome hotel to discuss the possibility of an agreement which would end the noisy row over access to the lucrative Italian mobile telephone market.

Neither company would comment yesterday about the

talks, but the tone of executives at Telecom Italia and Stet, its state-controlled parent company, is conciliatory. Mr Ernesto Pascale, Stet's chairman, said Telecom Italia and Omnitel should "put an end to the arguments and start a new phase of dialogue".

Telecom Italia has said that for the moment it will not set aggressively low prices for the new "GSM" digital service, which is compatible with other European networks. It may also decide to soften the marketing of the new service, until Omnitel is ready to compete.

Mr Van Miert's intervention follows a strong lobbying campaign in Brussels by Omnitel and its main shareholders, including Olivetti, the Italian computer group. Mr Giuliano Amato, head of Italy's anti-trust authority, has also written to the Italian government warning of potential problems related to Telecom Italia's dominant position in the market.

Brussels objects mainly to the fact that Omnitel, which is owned by an international consortium, had to pay L750bn (£275m) for the second GSM licence in Italy, whereas Telecom Italia, which set up a limited GSM network earlier, paid nothing. Brussels first complained to Rome exactly a year ago, shortly after Omnitel had won the licence. The Italian government now has a month to reply to Mr Van Miert's letter or face further action.

INTERNATIONAL NEWS DIGEST

Progress in talks on fishing row

European Union and Canadian officials yesterday reported steady progress in talks on the dispute over allocation of a quota for Greenland halibut, or turbot, in the disputed fishing grounds off the coast of Newfoundland. In a series of meetings, officials from both sides continued to work on a settlement over the quota allocation, stricter enforcement measures, conservation and questions of jurisdiction. Canadian and EU officials appear committed to finding a negotiated settlement to end the dispute, which has seen Canadian authorities take action against Spanish trawlers in the Grand Banks fishing grounds. "We are on a very positive wave at the moment and hope we can reach agreement," a Commission official said. But a Canadian official said neither side was "ready to announce anything in the next little while".

In Madrid, the Spanish cabinet voted yesterday to keep two patrol ships in the disputed fishing grounds until the conflict with Canada is over. A third naval ship will probably set out on Monday to relieve one of the two already patrolling the Grand Banks area. In Ottawa Mr Brian Tobin, Canada's fisheries minister, said broad agreement had been reached on some issues. "They have made progress on the question of conservation and equally as important on the question of enforcement," he said.

The Commission official said it appeared Canada would accept an EU proposal that in the longer term satellite tracking could be used to bolster enforcement measures. But he added that a final solution could only be reached in the multilateral forum of the Northwest Atlantic Fisheries Organisation. *Caroline Southey, Brussels*

Three Austrian ministers resign

Austrian politics was thrown into turmoil yesterday when three veteran ministers quit the cabinet. At a hastily convened press conference, Chancellor Franz Vranitzky announced the resignations of Mr Franz Loeschner, interior minister, Mr Josef Hesoun, social affairs minister, and Mr Johanna Dohnal, minister for women's issues. All three were members of the Social Democratic Party, the senior partner in the governing coalition. The resignations came only two days after Mr Ferdinand Lachner, finance minister, said he would step down. Mr Loeschner, a hardliner on immigration policy, and Mr Hesoun, a former trade union official, stepped down voluntarily, but Ms Dohnal was forced to resign in the wake of her outspoken criticism of recent social spending cuts. Mr Vranitzky said he will announce new appointments over the weekend. Mr Vranitzky had been considering a cabinet reshuffle for several weeks but his hand was forced by the sudden resignation of Mr Lachner. Yesterday's events appeared to further weaken the chancellor's hold on power. He has been under pressure since last October, when the coalition of Social Democrats and Conservatives suffered massive losses at parliamentary elections. *Eric Frey, Vienna*

Croats say it's all in the name

Diplomats yesterday raced against the clock to overcome Croatian government objections to the name of a United Nations peacekeeping mandate, before it expired at midnight last night. The Croatian government yesterday warned it will not agree on a mandate for some \$800 UN troops unless the new mission includes the name Croatia. On Thursday it rejected a proposed name of UN Confidence Restoration Operation, insisting that the words "in Croatia" were added to the title. UN officials were dismayed by the furore over the name saying it obscured more serious problems in the new mandate. They reported growing tensions in Serb-held areas and along the more than 1,000km of front-lines in Croatia, where the 12,000-strong UN force currently is deployed. "Despite the tantrums and antics, the issue must be resolved. I suspect the Croats will get their way," a UN official said yesterday. *Laura Silver, Belgrade*

Tapie bankruptcy ruling upheld

The political future of Mr Bernard Tapie (left), the colourful French businessman and left-wing MP, was put in further doubt yesterday by an appeal court ruling in Paris upholding a judgment that he is bankrupt. The court agreed with an order made against him last December rendering him and four of his companies bankrupt with debts to Crédit Lyonnais and the tax authorities of more than FF1.2bn (£150m) against assets of perhaps FF200m. A bankruptcy ruling in theory carries an automatic five-year ban from running for political office in France, which would prevent Mr Tapie from standing as a candidate for mayor in his adopted city of Marseille. Mr Tapie stressed yesterday that he intended to fight the ruling, which must now go for a decision to the Ministry of Justice and can yet be overturned by the Cour de Cassation, which could then trigger a new appeal hearing. Yesterday's ruling was only the most recent move in a long-running series of legal battles which Mr Tapie is fighting to defend both his personal and business affairs. *Andrew Jack, Paris*

Denmark's GDP growth 4.5%

Denmark's real gross domestic product increased by 4.5 per cent in 1994, the fastest growth rate for 10 years, according to the official Statistical Office. Private consumption soared by 7.1 per cent, the biggest increase since 1976. Investment was ahead by 8.6 per cent, exports by 6.9 per cent and imports by 10.9 per cent. Despite the rapid recovery, employment increased by only 0.3 per cent, partly because productivity per employee increased by 3 per cent for the total economy and by 7.5 per cent in manufacturing. *Hilary Barnes, Copenhagen*

'More potential for corruption'

Political parties' rising need for funds has increased the potential for corruption in industrialised countries, according to Transparency International, an international pressure group. In its first annual report, published today, the group says the rising cost of fighting election campaigns has meant political parties in many countries have gone out of their way to solicit donations from businesses. In many cases the companies expect favours in return. An unfortunate development, according to the Berlin-based group, is that in paying "kickbacks", many European businesses are now doing at home what for many years they have practised when operating in the developing world. *Peter Marsh, London. 1994 annual report from Transparency International, Helstrasse 33, D-10825 Berlin, Germany.*

Corsican football convictions

A Corsican court yesterday convicted eight people in connection with the collapse of a football stadium on the island in 1992 which killed 17 people and left more than 2,000 injured. The *tribunal de grande instance* in Bastia sentenced Mr Jean-Marie Bolmoud, responsible for building the stadium, and Mr Michel Lorenzi, former director of the Bastia football club, to two years in prison and fines of FF30,000 (£3,785). Mr Bernard Rossi, a safety inspector, and two directors of the island's football league club, Mr Etienne Galeazzi and Mr Ange Paolacci, were each sentenced to 18 months in jail and a FF30,000 penalty. Mr Noel Bartoloni, another director, received a one year sentence and FF30,000 fine, and two officers of the French football association, Mr Luc Pilard and Mr Michel Cagnion, received 18-month suspended sentences. The verdicts followed an emotional trial in January triggered by the collapse of the stadium at Furiani in May 1992. *Andrew Jack, Paris*

INTERNATIONAL
NEWS DIGESTTanzania
shuts out
45,000
refugees

Tanzania yesterday closed its border to tens of thousands of Rwandan refugees fleeing camps in Burundi fearing renewed ethnic violence. Aid workers said 45,000 refugees were on the move and up to 100,000 are expected to join Central Africa's latest exodus.

France said a peace accord it brokered between rival factions in Burundi had brought temporary calm but urged the world community to send food aid quickly and disarm militias. Tanzania already has 750,000 refugees and a similar number of Hutus are in camps in Zaire. *Reuters, Ngozi, Burundi*

Australian
GDP up 5%

The Australian economy grew 5 per cent in the year to last December. Gross domestic product expanded 0.4 per cent in the final quarter of the year, representing a sharper slowdown in the growth rate than many economists had been predicting and easing pressure for a rise in interest rates in the short-term. Ten-year bond yields fell 20 basis points, to just below the 10 per cent level, shortly after the data was released.

Alarm bells rang in Australia when the third quarter figures were unveiled, showing the economy growing by 6.4 per cent year-on-year, or 7.3 per cent if the drought-depressed rural sector was excluded. This level of growth was widely thought to invite inflation problems. Interest rates were raised to help choke back demand, and there have been signs since that the economy has been losing steam. However, the fourth quarter growth figures present the first evidence that the monetary action is working.

Even so, the growth rate still exceeds the 4 per cent level which Mr Bernard Fraser, Reserve Bank governor, indicated this week was "comfortable" for the economy. *Nikki Tsai, Sydney*

India eases
import rules

India yesterday pruned its list of banned consumer imports and extended duty cuts and other incentives to exporting companies in its annual review of export-import policies. Mr P Chidambaram, trade minister, said exports were likely to exceed \$25bn in 1994-95, 17 per cent higher than the year before. India's trade deficit for this fiscal year would be about \$1.7bn and the gap would rise to a "perfectly acceptable" \$2bn to \$2.5bn in 1995-96 - largely because of rising imports of capital goods.

Trade policy amendments included the extension of duty exemption in new and used capital goods imports for items of more than Rs200m (\$4m) for use in export industries. Mr Chidambaram also lifted the import ban on more than 30 kinds of consumer goods, including paper, wood, cameras, some personal computers, milk powder, and sports items. *Mark Nicholson, New Delhi*

Japanese fear advent of 'western-style' social disorder

Assassination attempts and terror attacks are shaking citizens' faith in social stability, reports Emiko Terada

The attempted assassination of Japan's most senior police officer this week has shaken many Japanese, arousing fears that the country may be heading towards what many regard as "western style" social disorder.

The shooting of Mr Takaji Kunitatsu, commissioner general of the National Police Agency, hard on the heels of last week's subway nerve gas attack, has alarmed many Japanese who have believed that violent crimes are "foreign" and have been repeatedly told by the media and government authorities that shootings or terrorist attacks would never happen in Japan. "In just 10 days Japan has become famous for its terrorism," lamented Mr Hiroshi Kume, a popular news commentator.

The incident has also diminished faith in the country's police, long regarded as one of the world's most efficient forces. An attack on a police executive is unprecedented. That his assailant escaped on a bicycle unchallenged smacked of incompetence.

Confidence had already been undermined by the failure of the police to arrest those responsible for last week's nerve gas attack. "The Japanese had thought that their police were the world's best. That belief is now shattered," said Mr Hiroshi Itakura, professor of criminal law at Nihon University.

News reports suggested that the attack on Mr Kunitatsu could have been prevented. Neighbours saw a man loitering around the apartment block a few nights before the attack, and had reported it to the police. Analysts also point out that the sarin nerve gas attack (the police have yet to find evidence that it was linked to the shooting of Mr Kunitatsu) could have been averted. A by-product of the sarin compound was allegedly found in the village of Kamikishi at the foot of Mount Fuji, after foul smelling gases were released from the buildings of Aum Shinrikyo (Supreme Truth) - the Buddhist cult linked with last week's attack - in the area. The

incident happened soon after sarin gas claimed the lives of seven in Matsumoto, in central Japan, last June. At the time, the police could not make any concrete connections between the two cases. "In the US or Europe, the police would have acted earlier," says Prof Itakura.

Had the group, already under suspicion of kidnapping, been investigated thoroughly, police would have found 650 drums filled with enough chemicals to make 5.6 tonnes of sarin in its big bunker headquarters.

The sense of security among Japanese has long been supported by a closeness between ordinary citizens and the police force. More than 15,200 police boxes on street corners

around the country have fostered those ties - deterring crime and making investigations easier. While urbanisation has eroded the relationship, policemen still make the rounds to individual houses and flats, making note of who lives where, even in central Tokyo.

Police efficiency, however, has a dark side. The high conviction rate is generally believed to be a result of forced confessions. Since suspects can be detained for 23 days without being charged, there is some scope for this. The office worker allegedly implicated in last year's Matsumoto sarin case claims that the police tried to force him to confess.

The police have traditionally been

helped by the low number of violent crimes. An increasing number of gun-related crimes last year, however, is adding a new dimension to its work. "The Japanese police haven't had to deal with sinister crimes, and probably don't have much experience," says an office worker who says he is frustrated with the lack of progress in the investigations.

The police now face intense pressure to remedy their loss of face by promptly solving the recent incidents. However, it is evident that its traditional policing methods are unlikely to be sufficient in dealing with the blatant challenge to the police force's authority.

Bank tries to muffle the siren voices

Despite rising pressure Japan is stalling on a discount rate cut, writes Gerard Baker

In a highly unusual move the Bank of Japan yesterday responded to the growing chorus of calls for an easing of monetary policy, with a pledge to lower overnight money market interest rates.

The measure comes in the wake of the sharp rise in the value of the yen over the past month, a development which many in Japan's public and private sectors believe is threatening the already fragile economic recovery.

But the bank decided not to cut its official discount rate, the more sensitive figure for international capital flows, which disappointed the currency markets and saw the yen rise further.

Officials said that overnight lending rates, which are established by prevailing market conditions, will be guided lower by the bank through extra injections of liquidity. Rates fell sharply on the news, and closed down 0.5 percentage points at 1.75 per cent, the same figure as the discount rate.

At a hastily arranged press

conference at its Tokyo headquarters, the director of the bank's policy planning department, Mr Yutaka Yamaguchi, outlined the reasons for the decision. He said the bank felt it was important to clarify its monetary policy in the light of the growing speculation about an interest rate cut.

The strong yen and evidence of a weakening economy have increased market expectations of lower official interest rates in recent weeks. The action followed the decision by the German Bundesbank on Thursday to reduce its main interest rates by 0.5 percentage points.

But Mr Yamaguchi vigorously denied that the Japanese decision was part of a broader internationally co-ordinated attempt to halt the slump in the US dollar.

Instead he said it had been prompted by purely domestic concerns. "The recovery remains on track, but there are signs that the tempo is slowing," he said.

Despite the markets' interpretation of the measure as a refusal to address the problem

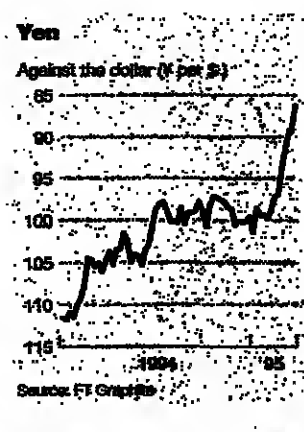
of the rising yen, in practical terms the cut in money market rates will provide some help to the economy.

The sharp increase in injections of monetary liquidity which will be needed to engineer it will stimulate demand and relieve some of the pressures on financial institutions by lowering the costs of their funds.

But the move puzzled some analysts in Tokyo. "Why not just cut the discount rate?" said one. "That way the yen would have fallen and the economy would have benefited in two ways."

One answer is that the bank is extremely anxious not to be seen to be pushed into an interest rate cut by a combination of international pressures and pleas from government ministers, when it believes such a move may still be premature.

For the past two weeks, ministers have been urging the bank, which has a considerable degree of independence in monetary policy, to cut interest rates. Yesterday, Mr Ry-



taro Hashimoto, the minister for international trade and industry, became the latest to turn the screw. "I would feel sorry if yesterday's German interest rate cut remained an isolated event," he told a news conference.

But past experience also makes the bank reluctant to let international policy considerations affect its judgment. In the 1980s it was persuaded by the US to ease policy in order to assist the weak dollar, a mistake that led to serious inflationary consequences for the economy at the end of the decade.

Many bank officials are determined to avoid repeating that mistake. But few in financial markets believe that inflation is anything other than a small, distant risk for the Japanese economy.

Perhaps more importantly, yesterday's decision was designed to give the bank some breathing space.

It was able to demonstrate its sensitivity to the needs of the economy but did not want to use up a precious cut in

interest rates now. It wants to defer a more symbolic cut in the official discount rate until it has more evidence about the weakness of the economy.

Policy is still based firmly on official evidence of economic activity.

The bank relies heavily on its quarterly survey of business conditions. The Tankan, to make up its mind about monetary policy, and the last Tankan in February suggested the recovery was continuing.

But that survey was conducted before the latest spurt in the value of the yen and before the effects of the Kobe earthquake began to emerge.

The next Tankan, due to be published in early summer, will give a clearer indication of the country's economic health.

Mr Richard Werner, chief economist at Jardine Fleming in Tokyo, said: "A cut in the official rate is the bank's last big trump card. It wants to play it when it is absolutely certain it will be most effective."

And if it turns out that the economy proves to be stronger than the market currently believes, the bank will be able to keep official rates where they are.

But the immediate reaction of currency markets yesterday suggests the bank may not have the luxury of time. If its actions yesterday have not brought a respite for the yen and the Japanese currency resumes its rise when the markets open next week, the damage to the anaemic recovery will get much worse.

Despite its obvious reluctance, the central bank may yet be forced to accede to the siren voices.

Banker quits
over failure of
credit unions

By Our Foreign Staff

Mr Tetsuya Horie, president of one of Japan's largest banks, yesterday said he was resigning to take responsibility for the failure of two credit unions, now the target of a controversial central bank bailout, with which it had significant financial connections.

"I will step down as president to take responsibility for having caused substantial trouble," said Mr Horie, president of the Long Term Credit Bank of Japan (LTCB).

But Mr Horie, who said he would resign on April 28 and be replaced by vice president Mr Katsunobu Onogi, denied that LTCB was involved in specific management decisions at the two troubled credit unions.

Earlier this week, Mr Horie told the budget committee of the House of Representatives, which is investigating the failure, that his bank had on various occasions made efforts to improve the operations of the credit association.

On Wednesday Mr Horie told parliament he felt partly responsible for the failure of the two credit unions, Tokyo Kyowa Credit Association and Anzen Credit Bank, whose depositors are being bailed out with public and private funds.

LTCB once sent officials to the two credit unions, but withdrew them after deciding

in July 1993 not to support the business of Mr Harumori Takahashi, a flamboyant entrepreneur who headed both Tokyo Kyowa and property developer EIE International Corp.

Authorities at the Bank of Japan and Finance Ministry said the bailout scheme was needed to protect confidence in Japan's financial system. But after its announcement last year speculation mounted that Mr Takahashi had used his influence with politicians and economic bureaucrats to get their backing for the bailout.

The current management of the two credit unions, whose bad debts have been taken over by a new special bank, have filed formal accusations of breach of trust against the head of Anzen Credit and against Mr Takahashi, who used the credit unions to obtain huge loans for his troubled EIE International.

Mr Takahashi has said LTCB knew the specifics of the loans to companies including EIE and related businesses.

Bank of Japan and Finance Ministry officials have repeatedly denied that there is any political motivation in drawing up the bailout scheme.

But earlier this month the Finance Ministry reprimanded two bureaucrats for their close ties with Mr Takahashi, and Mr Masayoshi Takemura, finance minister, took a one-off cut in his own monthly salary as a gesture of regret over the incident.

FIGURES SHOW WEAKNESS OF RECOVERY

The fragility of the Japanese economic recovery was underlined yesterday by official figures showing continuing weakness in the labour market and renewed downward pressure on prices.

Gerard Baker writes. Unemployment in February stood at 2.9 per cent of the nation's workforce, unchanged from a month earlier, while in the same month consumer prices rose by just 0.2 per cent from a year before, according to the Management and Co-ordination Agency.

Officials said that, despite a small increase in the total number of people employed, job prospects were still uncertain. The job-offers to applicants ratio, generally regarded as a more reliable measure of labour market conditions, was

also unchanged at 0.66, up slightly from its low last summer, but still well below what is regarded as normal in a healthy economy.

Mr Kunihiko Saito, senior official at the labour ministry, warned that the yen's rise on the foreign exchanges represented a continuing threat to the prospects for recovery in the next few months.

Consumer prices figures suggest deflationary pressures are still at work in the Japanese economy. The rate of retail price inflation has not risen above 1 per cent during the past year. In Tokyo consumer prices fell by 0.4 per cent in March from a year earlier, the lowest monthly figure for eight years. Prices in the capital are now lower than they were two years ago.



Japan's former foreign minister Michio Watanabe (left) and North Korea Workers' party secretary Kim Yong-sun after signing a pact urging their governments to resume normalisation talks

Deregulation plan upsets everyone

By Michio Nakamoto in Tokyo

The Japanese government yesterday unveiled its much awaited five-year deregulation plan aimed at restructuring the domestic economy, to a chorus of complaints from disappointed business leaders and public figures.

The deregulation Action Programme confirmed the Japanese public's fears that the measures would be too half-hearted and vague to realise the programme's objectives of promoting business opportunities, opening up the country's markets and eventually reducing its huge trade surpluses.

Mr Shoichiro Toyoda, chairman of the Keidanren, Japan's most powerful business organisation, immediately called on the government to add further measures.

Mr Masaru Hayami, head of the Association of Corporate Executives, said the really important things had been excluded.

"The deregulation programme has been seen as both a pillar of the government's efforts to tackle the debilitating impact of the rising yen on Japan's export-dependent industries and a key to facilitating Japan's transformation to a post-industrial economy. Busi-

The deregulation highlights

- Review of laws which exempt certain cartels from the anti-monopoly legislation; abolition of the laws by 1998.
- Allowing telecom operators to create "seamless" networks to carry voice calls from one country to another.
- Harmonisation with international regulations to improve access for foreign companies in Japan.
- Harmonisation with international rules on certification and labelling of products.
- Harmonisation with international practice on notification of mergers, transfers of business rights, reporting of stock holdings, etc.
- Relaxation of regulations on imports of petroleum products from April 1998.

ness leaders had hoped it would contain measures to narrow the gap between domestic and overseas prices.

Japan's trading partners, which had been seeking improved access to the country's markets, were also unhappy.

Mr Walter Minndale, US ambassador in Tokyo, said that he was "somewhat disappointed" by the plan. "We believe in the principle that regulations should be an exception and not the rule... and we don't think it's there yet," Mr Minndale said.

The programme covers 1,091 items in 11 areas ranging from housing regulations and certification to public utility price

caps and anti-competitive practices.

For the average Japanese consumer, the few measures that could bring real benefits include an extension of the validity of passports from five to 10 years, an easing of inspection requirements on cars more than 10 years old and simplified procedures for parallel imports.

However, the timing of implementation has been left vague for many of the items included, while a significant number of other items are simply "under consideration".

The lifting of a ban on holding companies, for example, has been considered one of the highlights of the plan. But the

programme states only that the government will reach a conclusion within three years on whether or not to lift the ban.

Similarly, the large-scale retail store law, which restricts the activities of big retailers in order to protect smaller stores, is merely to be reviewed in 1999.

Mr Haruo Shimada, professor of economics at Keio University, who sat on a government advisory committee on deregulation, lamented the lack of new measures included in the final plan.

In a newspaper article yesterday, he noted that as many as two-thirds of the measures had either already been implemented or were scheduled to be implemented.

The government plans next month to set out its reasons for not including many proposed items. It has also pledged to review and revise the programme annually.

As disillusionment set in yesterday, the main hope and widespread frustration among the electorate will encourage the Japanese government not to wait too long to build further on its first timid steps towards lifting the myriad regulations that continue to stifle the Japanese economy.

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150

NEWS: UK

Reprieved anti-fraud agency to expand

By John Mason,
Law Courts Correspondent

Britain's Serious Fraud Office is to be given an expanded role in the fight against white-collar crime, the government confirmed yesterday.

The SFO will remain as the spearhead organisation combating fraud in the UK, and will be enlarged over the next few years, Sir Nicholas Lyell, the attorney-general, announced in the House of Commons.

The office will take over many of the cases now handled by the Crown Prosecution Service's fraud division, a move that could see its budget and

staffing increase by at least 50 per cent and possibly even 100 per cent.

The attorney-general's decision, which amounts to a solid endorsement by ministers of the investigation and prosecution agency, follows 18 months of uncertainty in which the future of the SFO has been the subject of two official reviews.

The reviews were announced in October 1993 after a spate of bad publicity over the performance of the SFO. Both reviews considered merging the SFO with the CPS fraud division as a means of improving efficiency.

However, Sir Nicholas approved the conclusions of the final review that the present structure should remain although some improvements in the operations of the SFO and CPS are necessary. He told MPs: "There can be no room for complacency, but it can be said with confidence that without the present structures and organisation many of the heaviest cases successfully brought to trial and conviction would never have been tried at all."

His decision was welcomed by Mr George Staple, the SFO director, who said it represented an important vote of confidence in the office. "The conclu-

sion is that the SFO is getting it right," he said. Mr Staple admitted that an enlarged SFO would still suffer setbacks in future prosecutions, but insisted that it should be judged on its overall record, which was "a reasonable one".

The review body identified failings in the way the SFO and CPS have operated in the past. The different approaches of the two bodies had produced results that were difficult to justify and resulted in weaknesses in the fight against fraud, it concluded.

It added that the SFO and CPS fraud division should remain sepa-

rate, but made a number of recommendations including:

- Clearer criteria for deciding which organisation should handle cases with the threshold for SFO taking on cases being reduced from £5m (£8m) to £1m.
- Discussions between the SFO and police to improve relations and reach clear agreement about working practices.
- Improved liaison and co-ordination between SFO and CPS.

Mr Staple conceded that relationships between the SFO and police had not always worked as they should. This would now be the subject of substantial discussions, he said.

Cash windfalls for investors in bank takeover

By Alison Smith

About 800,000 investors with Cheltenham & Gloucester Building Society should receive cash windfalls of up to £13,500 (£21,500) after voting overwhelmingly for a takeover bid from Lloyds Bank.

Several of the 2,000 members who attended a special meeting in London Docklands criticised the £1.8bn takeover, to be concluded at the beginning of August. They were annoyed that the deal excluded from the cash payout all of C&G's 384,000 borrowers, and about 10 per cent of investors, who opened accounts too late to qualify.

However, the protesters were unable to muster enough votes to scupper the bid. The C&G board knew just before the meeting started that the numbers of postal and proxy votes received meant the plan would be approved.

After the meeting, Mr Andrew Longhurst, C&G chief executive, said: "We are very pleased to have the support of our members for proposals which will benefit so many of them, but we remain disappointed that we were unable to implement the original cash payments plan."

This initial scheme, which would have benefited virtually all C&G's 1.2m members, was ruled out by the High Court

last summer. The court said it breached provisions in the 1986 Building Societies Act intended to prevent savers shifting funds in search of windfall gains.

Investors voted for the takeover by about 829,000 to 34,000 - well above the high thresholds needed to pass the vote under the Building Societies Act. Borrowers voted for the takeover by 130,000 to 46,000. Many had an incentive to vote for the deal since they were also savers who benefited from a share in the cash. Precise figures for the votes will be announced early next week.

While the tone of the meeting was quieter than the meeting called by disaffected members last Saturday - when directors were booed and jeered - the board was still condemned by some speakers for arrogance in its behaviour towards members since the deal was originally announced almost a year ago. It has been criticised for refusing to answer questions or reply to letters.

Mr Longhurst played down the prospect that many C&G members might be sufficiently angry to close their accounts. "Possibly some people will renege their investments," he said. "But we offer good rates and good service, and there is every reason for them to stay with C&G."

Ex-chairman of company widens document search to include Iraq Minister wins more support for denial of Iran arms allegation

By Jimmy Burns

Mr Jonathan Aitken, a junior finance minister, yesterday received further support for his denial of allegations that, as a director of the arms company BMARC, he was implicated in the sale of naval guns to Iran in alleged breach of a British government embargo.

The minister's version of events surrounding BMARC's involvement in the alleged arms deal - codenamed Project Lisi - was backed by Mr Christopher Gumbley, a director of BMARC at the time and former chief executive of Astra Holdings, its parent company.

"Mr Aitken has been accused this week of having knowledge about this [Project Lisi], and that is totally untrue," Mr Gumbley said yesterday. "He did not have any knowledge of it, or the fact that the contract may have been destined for Iran."

Mr Aitken belongs to one of Britain's most famous political dynasties. He is a great-nephew of Canadian-born Max Aitken, who became one of the most famous British press lords, is better known by his title of Lord Beaverbrook. The Daily Express newspaper was also minister for aircraft production in Winston Churchill's wartime government.

Mr Gumbley yesterday contradicted the assertion made by Mr Gerald James, the former Astra chairman, that it was "common knowledge" among directors of BMARC that weapons manufactured by the company were going to Iran.

But the controversy surrounding BMARC may be fuelled by additional company documents, relating to Iraq, which have been requested by Mr James from Coopers & Lybrand, administrative receivers to Astra. Similar documents have been requested by Sir Richard Scott, the judge leading the inquiry ordered by the British government into sales of weapons to Iraq.

Coopers & Lybrand said yesterday it was considering the latest request from Mr James that all documents relating to Astra's affairs should be made



Dynastic span: the first Lord Beaverbrook (top left) arrived in Britain from his native Canada more than 70 years ago. His best known descendants today are Jonathan Aitken (right) and his sister Maria, a successful stage actress who appeared in the hit comedy film, *A Fish Called Wanda*.

Mr John Major, the prime minister, gave Mr Aitken strong support in the House of Commons. Speaking after a Labour MP had called on Mr Aitken to resign, Mr Major said: "He has made his position absolutely clear. No evidence has been found to counter that either by The Independent newspaper [which published the original allegations] or by anyone else." To cheers from Conservative

MPs, Mr Aitken said: "At no board meeting of the company I was on the board of seven years ago - and in no board paper of that company - was I ever given the slightest indication or information that could suggest that the company's wholly legitimate contract with Singapore might subsequently result in components being shipped to Iran."

Coopers & Lybrand said yesterday that the documents seized by the MoD police were returned to Astra's administrators in June 1993 with a letter saying they might be requested by the Scott inquiry.

But until this week, Sir Richard Scott was apparently unaware such documents existed.

Toast of the Tories, Page 10

Tory party wounds over EU 'healed'

By John Kampfrer
at Westminster

Mr Douglas Hurd, foreign secretary, made a vigorous defence last night of British diplomacy and said Conservative divisions over Europe had been resolved.

Speaking at a Conservative Central Council dinner, Mr Hurd said that, unlike the opposition Labour party, the governing party had debated policy on the European Union "out in the open".

"It has been a painful business, but the result is clear," he said. "Labour's rows and ructions are still ahead. We

have achieved a balance which the overwhelming majority of Conservatives can support."

The reluctance of other cabinet ministers to mention Europe in their speeches yesterday suggested, however, that such professions of unity may be premature.

Referring to last week's conference on British foreign policy, Mr Hurd said the diplomatic service was not hidebound by tradition. Some 500 jobs had been cut back in London to pay for 100 extra commercial officers overseas.

"Modernising does not mean giving up the few historic buildings we own and retreat-

ing to suburban villas," Mr Hurd said. "We are not pretending to be grander than we are, but I do not intend our country to be represented in a shabby or second-rate way."

Mr Jeremy Hanley, chairman of the Conservative party, yesterday contrasted the middle-class upbringing of Mr Tony Blair, leader of the opposition Labour party, with that of Mr Cedric Brown, Mr Brown is the chief executive of British Gas whose salary rise recently aroused public fury over pay for executive "fat cats".

"What kind of twisted, perverse set of priorities leads a public school-educated party

leader to savage the salary of a man who left state school at 16, joined a company, took a pick and shovel and worked himself up to the top?" Mr Hanley asked.

He was speaking at a meeting of the Conservative Council, a gathering of party activists held to mark the start of campaigning for elections in municipal authorities.

But the star of the show was Mr Michael Heseltine, trade and industry secretary. Citing praise for Britain from industrialists in other countries, he said he hoped he would never see Labour in government again.

UK NEWS DIGEST

Cut on betting levy will aid Lottery rivals



The government moved to cut the betting levy on football pools - the weekly form of betting on predicted scores - to help the industry compete with the increasingly successful National Lottery. An amendment to the finance bill to be debated next week will seek to cut the levy from 37.5 per cent to 25.5 per cent - a move which in a year will cost the government £30m (£45m). In return the government says the pools companies have agreed to maintain their voluntary contributions to the Foundation for Sport and the Arts. The lottery pays 12 per cent betting duty and gives 38 per cent to good causes. The pools pay 37.5 per cent in duty, plus 5 per cent plus 5p in every £1.05 towards sport and the arts. The 5p element is a voluntary donation to Sport and the Arts.

Nine out of every 10 adults has bought a National Lottery ticket since the launch in November. Total sales for the lottery, which is run by the Camelot consortium, have reached £1.1bn. *Jim Kelly, Accountancy Correspondent*

Railway safety costs attacked

Safety on the British railway network could be provided for a third of the cost of the £750m (£1.2bn) automatic train protection system selected by the government, a leading manufacturer of signalling equipment said yesterday. GEC-Alsthom, the Franco-British engineering group, said it could provide a system which would prevent 80 per cent of accidents for just £270m. The company said it was working on a simplified version of a full ATP system in use on Belgian railways which it thought could be ready within a few months.

ATP is a system which overrides the driver if he passes a red light, exceeds speed limits or approaches station buffers too fast. The system being considered by the government involved continuous monitoring of a train's performance, but the GEC-Alsthom system would only monitor the train as it approached a signal. "This would be much simpler to manufacture and to install and could be fitted throughout the railway network within five years," GEC-Alsthom said. *Charles Batchelor, Transport Correspondent*

\$12.8m respirator deal agreed

Avon Rubber, the Wiltshire-based company, has won an order worth more than \$8m (\$12.8m) to supply all of the Dutch armed forces with respirators. The respirator, the FM12, provides protection against chemical and biological agents and, with an internal drinking device, can be worn for more than 24 hours at a time under combat conditions. It is a derivative of Avon's S10 respirator which is supplied to the British armed forces and was used in the Gulf war.

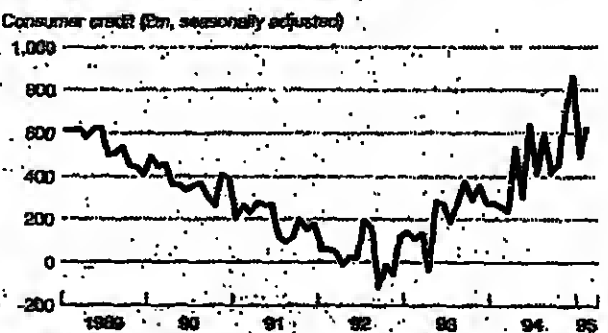
The contract, signed yesterday, was won in competition with Canadian, Swedish and Swiss manufacturers and is the biggest export order yet for the FM12. The mask is made by Avon's subsidiary Avon Technical Products in south-west England, and is already supplied to the Danish and Norwegian armed forces. *Roland Adair, West Country Correspondent*

Consumer credit increases

Consumers stepped up their borrowing in February, using credit cards to buy last-minute bargains in the sales and items from new spring ranges. Lending to consumers rose by a net £901m (£961.6m) in February compared with an increase of £527m in the previous month, says the Bank of England, the UK central bank. This was a stronger rise than most City of London economists had expected. The January figure was also revised up from last month's initial estimate.

The figures suggest that relatively low interest rates have encouraged people to borrow more even though the pace of spending in the shops has slackened in recent months. Febru-

UK net personal borrowing



ary's increase in consumer credit corresponded to a 1 per cent rise in the month after adjusting for normal seasonal changes. This took the annual growth rate of consumer borrowing to 12.1 per cent although this underestimates the pace of expansion in the past few months. Consumer credit has been expanding at an ever-increasing rate since the autumn of 1992 when the annual rate of increase stood at around 1 per cent. The amount of consumer credit outstanding now totals just less than £58bn. *Robert Chole, Economics Correspondent*

Cantona escapes jail: Manchester United's French international soccer star Eric Cantona yesterday had his two-year jail sentence quashed by a London judge. Cantona, 28, will instead have to perform 120 hours of community service after being convicted of assaulting a Crystal Palace supporter during a match in January. After the court hearing, Cantona made just one remark to the press: "When seagulls follow a trawler, it is because they think sardines will be thrown into the sea."

Bequest hangs in the balance: Mrs Una Widgery, who died earlier this year aged 80, has offered to make a £10,000 bequest to her village of Combe Martin for the benefit of local charities. But the windfall will happen only if the council agrees to replace a replica gallows she had erected in 1989.

Companies see tasty way to earn bread and butter

Britain's fast-growing sandwich industry is worth more than a few crumbs, reports Nicholas Lander

Forty-eight hours after this year's Oscars ceremony in Los Angeles, a somewhat less lavish event took place in London, as the British Sandwich Association presented its annual industry awards recognising the achievements of market leaders in a business which now has an annual turnover of £2bn (£2.2bn) and accounts for a quarter of the UK fast food market.

The growing importance of the industry in exports was acknowledged by an award to Marks and Spencer, the market leader with 7 per cent of sales, for the influence of its sandwich retailing on sales of British produce in other countries, particularly France.

In Paris - where M&S sandwiches are prepared locally

every day and have been sold for 20 years - smoked salmon, ploughman's, and ham, cheese and pickle sandwiches are now the rage.

Large retailers such as M&S, Boots, Tesco and Sainsbury buy their sandwiches from suppliers such as Hilldowns Chilled Foods, United Biscuits and Derbyshire Chilled Foods, each capable of making up to 1m sandwiches a week. But these large manufacturers account for a surprisingly small share of the market - the top six supply no more than 17 per cent of sandwiches sold in the UK.

Below them are hundreds of companies producing 1,000 to 100,000 sandwiches a week, usually distributing them to retailers locally or regionally.

Many began their businesses with basket deliveries to offices and shops: their closeness to the point of sale is an advantage in a business where the product's shelf-life is no more than two days. However, these companies are often undercapitalised and lack the financial or management resources of the larger manufacturers. They complain of the cost of complying with stringent fresh food legislation.

At the bottom of the pyramid are the smallest manufacturers, making no more than 1,000 sandwiches a week. Many of these are individuals or couples, tempted by the low cost of entry into sandwich making. Some have come into the industry in recent years after losing more conventional jobs,

supported by redundancy payments.

With the growth in the market slowing from the 10 per cent annual increases of the late 1980s and pressure on margins from consumers unwilling to pay higher prices, competition is intensifying. The largest manufacturers expect to take a bigger share of the market, cashing in on their investment in production methods that keep costs down.

They will squeeze out medium-sized competitors such as Holme Maid Foods of Scunthorpe, which last week went into receivership despite having opened a new factory capable of producing 45,000 sandwiches a week.

Yet new retailers are constantly entering the market,

including the bread manufacturers. Faced with a declining market for their main product, they are keen for their shops to add value by selling sandwiches rather than loaves.

Sales of sandwiches are no longer confined to bakers and food stores: the big oil companies are using sandwiches to fight back at supermarkets that sell cheap petrol, according to Stuart Price, retailing consultant with Stoy Hayward, the accountants. They are developing convenience stores on the forecourts of 15,000 of their petrol stations, and see sandwiches as a leading sales item.

While the mass market will increasingly be swept up by the larger manufacturers and retailers, small independent

sandwich makers are finding a niche in the market for higher quality products.

Britain's national preference may be for white bread over brown and for ham, beef, bacon, prawn and cheese and tomato fillings. But the new retailers are meeting the demand for more sophisticated ingredients such as Mediterranean breads like ciabatta and focaccia, roasted walnut or herb loaves. Exotic fillings include chicken breast and avocado, roast red peppers, courgettes and mozzarella, asparagus and mayonnaise.

For the consumer, the choice - and pleasure - of eating a sandwich has never been better since John Montagu, 4th Earl of Sandwich, ordered the first one in 1762.

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THE WELSH ADVANTAGE.

COMPANY NEWS: UK

Northumbrian Water bid is referred to MMC

By David Lascelles and Christopher Price

The proposed bid for Northumbrian Water by Compagnie Lyonnaise des Eaux has been referred to the Monopolies and Mergers Commission by the Department of Trade and Industry.

Under EU rules, the bid should have been investigated by the Brussels competition authorities. All bids involving companies above a certain size have to be investigated by Brussels.

However, the trade department told the EU it wanted an MMC inquiry because national interests were involved. The EU agreed, but will conduct its own inquiry if the bid goes ahead.

The national interest arises because Northumbrian is a regulated company subject to UK

water price controls. The DTI said it would be up to the MMC to decide which issues should be investigated.

Lyonnaise announced its intention to bid for Northumbrian on March 6, but held back from making a firm offer pending a referral decision. The French company already owns two other UK water companies.

Northumbrian said it was disappointed by the decision. It would create a period of uncertainty which could last several months. And even if the MMC gave the all clear, that would only be a prelude to the EU's investigation. Mr Michael Taylor, finance director, said: "The taxpayer is going to have to fund a very expensive investigation without any commitment to a bid."

Northumbrian finds the bid unwelcome because it believes

it is able to deliver a successful strategy without outside help. Its shares closed up 8p at 849p.

Lyonnaise welcomed the referral and said it intended to co-operate with the MMC to achieve a satisfactory outcome.

Yorkshire Water denied reports that it had decided to offer a £150m package of rebates and refunds to customers and shareholders when it reports its results in June.

The company confirmed it was examining ways of providing "additional benefits" to customers, but "no decisions have been made at this time as to the size of those benefits and as to how, and to whom, they should be distributed".

The statement followed the decision by North West Water on Thursday to pay £180m to customers and shareholders over the next five years.

N Electric dissidents to carry out threat

By David Wighton

Dissident shareholders in Northern Electric are to carry out their threat to requisition an extraordinary meeting to press the board to allow a new offer from Trafalgar House.

Mr Guy Wyser-Pratte, of New York-based arbitrage firm Wyser-Pratte, said he was confident that after the next few days he would be able to sign up the required 10 per cent to demand an EGM.

Mr Wyser-Pratte had given Northern until yesterday to agree to a new offer from Trafalgar being put, or to enter negotiations.

Northern yesterday rebuffed his demands and threatened legal action if he repeated allegations about the directors' handling of the bid.

In a letter to Mr Wyser-Pratte, Mr David Morris, Northern chairman, said that "at all times" the board had "acted in the best interest of the company as a whole".

Mr Wyser-Pratte had criticised the board for promising shareholders a £560m package of benefits, if Trafalgar's £1.2bn bid was rejected.

The electricity regulator, Prof Stephen Littlechild, said it was partly his defence that prompted him to announce a review of the pricing regime, which in turn resulted in Trafalgar allowing its bid to lapse.

In its letter, Northern pointed out that Prof Littlechild had not claimed that the company withheld information during price control discussions ahead of the bid. It also said that the regulator had confirmed there was no agreement with the company about acceptable levels of gearing during those discussions.

Mr Wyser-Pratte said: "It is appalling that the board has not addressed a single one of our proposals. It has just told us to cease and desist."

Manweb pulls out of retailing

By Michael Smith

Manweb, the Chester-based power distributor, yesterday became the fourth of the 12 regional electricity companies to pull out of retailing as it announced the £3m sale of its five supermarkets and their stock to ScottishPower.

The company's 58 high street shops are to remain as customer service centres, while the company reviews future needs. Manweb is to take a £15m to £16m charge in its 1994-95 year to cover the closures.

The retailing business is likely to incur a small loss in the current financial year, Manweb said. In 1993-94, retail turnover was £22.3m, with a profit of £500,000.

ScottishPower will have 162 stores after the acquisition, including 51 in England. It said the deal gave it immediate access to well-established out-of-town retail parks.

Manweb said about 100 of its staff were likely to be recruited by ScottishPower.

Although the retailing unit employs 665 staff, Manweb said there would be no need for compulsory redundancies.

Keller ahead 18% following US acquisition

By Peter Pearce

Pre-tax profits at Keller, the international ground engineering group which floated in May, rose 18 per cent from £7.96m to £9.38m in 1994.

The shares edged up 1p to 105p, against a flotation price of 100p.

Progress at the pre-tax level was inhibited by a £919,000 exceptional credit last time, only partly offset by lower interest charges of £861,000 (£1.26m).

The profits rise was propelled by the North American operations, which were enlarged by January 1994's \$6.1m acquisition of Case Foundation.

Mr Michael West moves up from chief executive to executive chairman. His place is taken by Mr Tom Dobson, who has overseen the US operations and the acquisition of Case.

Earnings per share expanded to 12.2p (7.4p), or on a basis more representative of the underlying performance to 10.8p (8.8p). A final of 3.8p makes a total foreign income dividend of 8.8p for the eight months since flotation.

Greater pay disclosure puts bank at forefront of moves to increase openness

NatWest chief gets 15.5% rise

By Alison Smith

Mr Derek Wanless, chief executive of National Westminster Bank, received a 15.5 per cent rise in pay last year, according to the group's annual report, which spells out for the first time details of the salaries, bonuses and benefits of all the directors, both executive and non-executive.

Mr Wanless received £489,000, up from £432,000 in 1993. Performance related bonuses made up £115,000 of the total. NatWest's pre-tax profits rose 61 per cent in the year to £1.59bn.

It was revealed in February that Lord Alexander, NatWest's non-executive chairman, had a one-year contract which would entitle him to a performance-related bonus of £100,000. The annual report

yesterday confirmed that his payment for the year totalled \$417,000, up from \$395,000.

But the highest paid director was Mr John Tugwell, head of NatWest Bancorp, the group's US retail banking arm. Mr Tugwell, who has overseen a turnaround in the group's US operations, received £1.46m - though that was down from the £1.81m he received in 1993. The 1994 total included £914,000 in bonuses which NatWest said included the final cash payment under a long-term incentive scheme based on goals set by Bancorp's board in 1991.

The greater pay disclosure puts NatWest at the forefront of moves towards increased openness about executive pay among UK companies, amid political controversy over increases in boardroom remuneration.

Other banks which have published their 1994 reports so far have kept to the standard format for the statement on directors' pay, which is less specific and detailed.

Apart from giving details of share option schemes and performance targets, the NatWest report also tracks the directors' exercise of options during the past year.

Sir John Banham, chairman of NatWest's remuneration committee, said yesterday that the board had decided earlier this year to adopt a policy of full disclosure.

"There is a perfectly legitimate concern about top management pay generally, not least in the public utilities, but also in the parts of the economy that are looked on as part of the nation's infrastructure," he said.

The pay packages follow a review carried out by NatWest in 1993, with the aim of moving from a system based on grades and annual increments to one in which salary was determined by the market rate, and bonuses took account of individual performance.

The bank is also cutting the length of contract for its UK-based directors. From the middle of next year they will be on one-year rolling contracts. However, if there is a change of control, the contracts go to three years.

Abbey National, the home loans and banking group, revealed in its annual report that Mr Peter Birch, chief executive, had received a 24 per cent pay rise last year, including a £92,500 performance related bonus which took his total pay to £408,280.

Farnell withdraws from manufacturing

By Christopher Price

Farnell Electronics is selling its manufacturing division to management backed by CIN-Ven, the venture capital group, for £80m.

Mr Howard Poulson, chief executive of the electronic components group, said the board had decided to concentrate its efforts on distribution, which accounts for about three quarters of sales.

"We will use the proceeds from the deal to fund organic growth of the core distribution business and to take advantage of any acquisition opportunities that might arise," he said.

The group is hoping to expand its presence in overseas markets, with the US and east Asia earmarked for particular attention. It is also investigating opportunities in Italy, Turkey and eastern Europe.

The manufacturing division made operating profits of £7m

on sales of £61.5m in 1994. It employs 1,800 people at five UK sites.

Mr Poulson said the company had received about a dozen approaches for the division in the past year and had taken the decision to sell after a strategic review.

"We could have gone for a trade sale, but we felt the CIN-Ven and management offer was a good one and it meant that the manufacturing business stayed together."

CIN-Ven is backing the MBO through a new company called Savidon and has appointed Mr Ian McKenzie as chairman. Although individual shareholdings have not been decided, CIN-Ven is likely to hold more than 90 per cent of the equity, with management accounting for the remainder.

The manufacturing division is divided into two businesses, Farnell Power and Farnell Instruments.

Alco shows interest in battle for SBG

By James Whittington

The battle for control of Southern Business Group, the photocopier and vending machines supplier, intensified yesterday when Alco Standard Corporation, the US paper distributor and office equipment group, announced a potential interest in making an offer.

If a firm offer is made, Alco will join Berkeley Business Group, which opened the bidding at the end of February, and its rival Danka Business Systems, which entered the fray less than a month later.

Ms Marty Buckley, director of investor relations at Alco in New York, said that it was "premature to say whether or not a firm offer would be made". But she said the group, which in 1993 acquired Erskine House, another UK photocopying group, was closely studying SBG's books.

Southern's shares responded

by rising 6p to 71p.

Berkeley and Danka are now reviewing their offers.

Danka had yesterday hoped to publish its offer document, which has been backed by Southern's management. This would have confirmed its 70p cash offer valuing SBG at £67.6m.

In the light of Alco's announcement, however, its publication was held back.

On Wednesday, Danka increased its stake in Southern from 2.7 to 10.1 per cent on the open market. Danka's shares yesterday fell 34p to 400p.

Meanwhile, Berkeley suffered a setback. With its share price falling 5p to 49p, its cash-and-share offer was reduced to 69p per share.

Berkeley's bid is based on 630p in cash and 3.5 newly consolidated Berkeley shares for every 10 Southern shares. Analysts expect the group to improve its offer which has been accepted by 22.7 per cent of Southern's shareholders.

BUSINESSES FOR SALE

GREEK EXPORTS S.A.

(A subsidiary of E.T.S.A.S.A.)

INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF FINANCIAL MINING INDUSTRIAL AND SHIPPING CORP. AND MACEDONIAN MAGNESITE MINING INDUSTRIAL & SHIPPING S.A.

GREEK EXPORTS S.A., established in Athens at 17 Panepistimiou Street, in its capacity as special liquidator by virtue of Decisions No. 4009/1994 and 4179/1994 of the Athens Court of Appeal of the above companies, which have been placed under liquidation as per article 406 of Law 1992/1990 (supplemented by article 14 of Law 2016/1991 and complemented and amended by article 53 of Law 2224/1994) by decisions No. 7813/92 and 7822/92 of the Athens Court of Appeal, and following Decision No. 1717/95 of the Athens Court of Appeal and related instructions from the creditors LEO.

INVITES

Interested parties to express their interest in purchasing the assets of the above companies, now under liquidation, by submitting within twenty (20) days from today, a written, non-binding expression of interest.

BRIEF DATA ON THE TWO COMPANIES UNDER SPECIAL LIQUIDATION:

I. FINANCIAL MINING INDUSTRIAL AND SHIPPING CORPORATION

It is one of the largest mining companies in Greece, engaged in the exploitation of magnetic iron ores and the manufacture of refractory products. Its magnetic iron ores and facilities are mainly concentrated at Maniaki in Euboea. The company also exploits chromite ore deposits of metallurgical and refractory grade and possesses mining concessions for the exploitation of sulphur and other ores on the island of Milos as well as for nickel-iron and bauxite in the department of Evros and Thracian. The company's head office is in Athens at 18-20 Sifonos Street.

II. MACEDONIAN MAGNESITE MINING INDUSTRIAL & SHIPPING S.A.

An affiliated company of FIMISCO, it is engaged in magnetic mining and producing dead-burned magnesite. Its main basic mines and the ore-enrichment facilities are situated in Orizani on Chalkidiki while the calcination installations are at Maniaki, Euboea. The company's head office is in Athens at 18-20 Sifonos Street.

In order to purchase the elements of the assets of the above companies under liquidation, prospective buyers can submit:

Either a bid for the entire assets of each company

Or a separate bid for each element (identified below) of the operational elements of each company.

It should be noted that each prospective buyer will have the right to submit offers for the purchase of one or more entities of the operational elements of one company, in parallel with the submission of offers for the purchase of one or more corresponding entities of the other company.

With regard to entities 1 and 7 which contain the elements of assets which do not serve the business operational requirements of the two companies, we note that it is possible to submit separate bids for each of the assets that make them up, in accordance with paragraph 11a of article 406 of Law 1992/1990 (supplemented by article 53 of Law 2224/1994).

1. FINANCIAL MINING INDUSTRIAL AND SHIPPING CORPORATION

ENTITY 1

Concerns the exploitation of magnetic iron ores at Maniaki, Euboea, and includes:

- Magnetic mining rights, self-owned and leased, at Maniaki, Euboea; Vasilissa, Lesbos, etc.

- FIMISCO land areas in the Maniaki area of Euboea serving, or considered necessary for, the company's operational requirements.

- Buildings in the Maniaki area of Euboea covering the operational requirements of the company.

- Fixed electro-mechanical equipment (ore-processing facilities), a mill with rotary kilns for starting the magnesite ore; a MAGFLOT production unit; a secondary brick plant; a loading bridge; and other auxiliary installations.

- Mobile mechanical equipment and means of transport

- Stocks of spare parts for the above equipment

- Stocks of raw materials and auxiliary materials (magnesite, African chromite, chemical additives, etc).

- Furniture and other equipment

- Claims by FIMISCO.

ENTITY 2

Concerns the exploitation of chromite ores at Eratry, Farsala, and includes:

- Leased chromite mining rights in the departments of Larissa, Phthiotis, Konstantinos and Imathia.

- Installations, mobile and fixed equipment, spare parts, etc. in the areas of Eratry, Farsala.

ENTITY 3

Concerns sulphur ores on the island of Milos and includes:

- Mining rights

- Land

- Stocks (sulphur salts).

ENTITY 4

Includes all the non-operational elements of FIMISCO's assets for which separate bids can be made, and specifically:

- Mining concessions for other ores (bauxite, sulphur) in the departments of Maniaki and Euboea.

- Pits of land, control land, forest and farm land, buildings, etc.

- Stocks of finished products (refractory bricks, dead-burned magnesite, MAGFLOT, chromite, etc).

- Means of transport

- Machinery and mechanical equipment.

II. MACEDONIAN MAGNESITE MINING INDUSTRIAL & SHIPPING S.A.

ENTITY 5

Concerns the exploitation of magnetic iron ores on Orizani, Chalkidiki, and includes:

- Self-owned and leased mining rights for magnetite (Departments of Chalkidiki, Thessaloniki, etc)

- Land areas in the department of Chalkidiki bordering those mentioned in Entity 7

- Buildings

- Fixed electro-mechanical equipment (ore-processing plant and auxiliary installations)

- Spare parts for the above

- Ore stocks

- Furniture and other equipment

- Claims by FIMISCO.

ENTITY 6

Concerns the exploitation of magnesite and includes:

- Pits of land and three head

- Buildings

- Two (2) rotary kilns

The above elements of the assets of MACEDONIAN MAGNESITE S.A. are situated in the Forest Maniaki area of the department of Euboea in the same place as the rotary kilns of FIMISCO mentioned in Entity 1.

ENTITY 7

Concerns the non-operational elements of the assets of MACEDONIAN MAGNESITE S.A. for which separate offers can be made, specifically:

- Pits of land

- Machinery, means of transport, etc.

OFFERING MEMORANDUM

The liquidator is drafting an offering memorandum containing an analytical description of the assets for sale of each company under liquidation and of the above-mentioned operational entities as well as their non-operational elements.

A copy of the Offering Memorandum, which will contain all useful information for prospective buyers, can be obtained from the offices of the liquidating company immediately after it has been drafted.

Interested parties will have access (on signing a written undertaking of confidentiality) to any other information they may require.

We note, finally, that the announcement of a public auction for the highest bidder will be published within the legal time limits and in the same newspaper.

For any additional information interested parties can apply to:

GREEK EXPORTS S.A., 17 Panepistimiou Street, Athens 105 64, Greece. Tel: +30-1-3343113-6 Fax: +30-1-3331518 and to

INDUSTRIAL RECONSTRUCTION ORGANISATION, 234 Syngrou Ave., Athens 174 72, Greece. Tel: +30-1-932.5540 Fax: +30-1-932.5585



Abbey National, the home loans and banking group, has taken a one third stake in Traveler, the foreign currency services business, writes Alison Smith.

The bank is thought to have paid between £5m and £10m for the stake, which could provide the basis for its own development of bureau-de-change operations and the sale of its own travel insurance. It fits the pattern that Abbey has adopted over the past few months of buying small interests in what should be strategically important areas.

"This enables us substantially to increase our income from travel-related financial services and to pursue our aim of diversifying profits away from the housing cycle," Mr Peter Birch, Abbey's chief executive, (above left) said yesterday.

Last year Traveler, headed by Mr Lloyd Dorfman (above right) had turnover of more than £450m. It is the largest operator of bureaux de change at passenger terminals, with about 190 outlets in the UK, the US, continental Europe, Australia and New Zealand.

QMH chief will receive bonus on restructuring

By Christopher Price

Mr Andrew Coppel, chief executive of Queens Moat Houses, is to be paid bonuses totalling £200,000 if the financial restructuring and relisting of the indebted hotels group is approved by shareholders.

The payments were revealed in a 200-page circular to shareholders which gave details of the proposed restructuring to be put before an extraordinary meeting on April 28.

Mr Stanley Metcalfe, chairman, urged shareholders to accept the restructuring package or risk liquidation of the group.

Mr Coppel will receive £100,000 if the restructuring is agreed and a similar amount if and when the shares are relisted. Mr Coppel will also have his pension paid for by the company to provide two

thirds of his salary at 60, together with a widow's pension.

Two other executives, Mr Andrew Le Poidevin, finance director, and Mr Michael Cairns, chief operating officer, will each receive £100,000 relisting bonuses - in addition to £100,000 bonuses received for the continuation of the group's banking facilities at October 31 last year.

Mr Le Poidevin and Mr Cairns will each receive salaries of £200,000.

Payment of the bonuses meant Mr Le Poidevin and Mr Cairns were the two highest paid directors last year, receiving £422,391 and between £415,000 and £420,000 respectively.

Mr Stanley Metcalfe, non-executive chairman, received £190,636, £180,000 of which was charged as fees.

Macallan up 17% as single malt sales jump

By Roderick Oram

Mecallan-Glenlivet reported a 17 per cent rise in pre-tax profits

with booming sales of Macallan single malt whisky more than offsetting lower spirits sales to blenders.

Profits for 1994 rose from £5.71m to £6.69m on sales ahead by 11 per cent to £17.2m.

Macallan malt sales rose 20 per cent overall in volume

terms with UK sales rising at a similar pace and the US market up 35 per cent.

"In the US, we're beginning to see the rewards of many years of very hard work in some 12 major cities," Mr Brian Cameron, company secretary, said.

The increase came despite "less than ideal conditions" for the industry including the government's "invidious raising of duties at the end of 1994."

the company said.

Macallan still faced difficulty in raising prices but tight cost control and improved productivity had allowed it, for example, to increase advertising and marketing expenditure.

New fillings, purchases by blenders of Macallan's newly distilled spirits, fell 10 per cent last year but should improve next year, Mr Cameron said.

New fillings account for about one third of turnover

with the balance being sales of Macallan's own malt whisky.

Net cash rose £2m to £11m although interest receivable fell from £555,000 to £501,000. The group increased its whisky stocks from £19.9m to £22.3m to allow it to expand sales when they mature.

A final dividend of 0.855p is proposed to shareholders for the year, a rise of 15 per cent. Earnings per share rose 14 per cent, from 3.63p to 4.12p.

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Sharp setback for Dresdner Bank

By Andrew Fisher
in Frankfurt

Group operating profits of Dresdner Bank, Germany's second-biggest commercial bank, fell 20 per cent last year to DM1.68bn (\$1.2bn), with the weakness on world bond markets taking a severe toll of profits on own-account trading.

Mr Jürgen Sarrazin, chairman, said 1995 had begun slowly, with profits in the first two months below expectations.

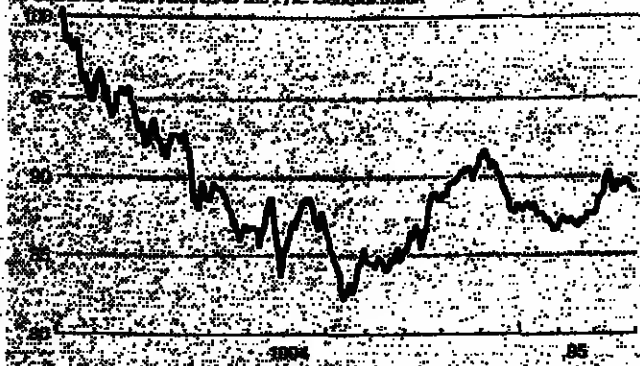
He added that Dresdner would increase its US investment banking presence by investing a further \$200m in Dresdner Securities USA to expand fixed-interest bond trading.

He declined to be drawn on plans for the UK, saying "we have not yet decided whether to do it ourselves [develop UK investment banking] or take a stake in others".

As with other German banks, bond trading suffered from rising interest rates.

Group operating profits

DM1.68bn (1994) DM1.68bn (1993)



Source: Dresdner Bank

Profits from own-account trading slid 94 per cent to DM40m.

Mr Sarrazin said bond portfolio write-offs cost DM50m, but that this was offset by a DM300m profit from derivatives - including DM131m from its Paris-based subsidiary, Banque Internationale de Placement - and earnings on share, foreign exchange

and precious metals trading.

He said operating profits were 40 per cent higher than the average of the past five years.

Interest income increased 5.3 per cent to DM6.5bn from the 1994 level, with commission earnings 5 per cent lower at DM3.5bn as a result of the weak domestic bond market.

Pre-tax profits dropped 6.8

per cent to DM1.7bn. However, the fall was moderated because the 1993 figure was reduced by the tax effect of a property sale. Net income fell 8.4 per cent to DM1.08bn.

Mr Sarrazin said risk provisions had been reduced by 30 per cent to DM1.25bn, although the need to provide against loans in eastern Germany had increased.

He was cautious about the 1995 outlook, expecting modest growth in loan and mortgage business, maintained commission earnings and higher own-account profits.

Also announcing 1994 figures was Munich-based Bayerische Vereinsbank, which contained its operating profits decline to 8 per cent for a total of DM1.08bn.

That was in spite of a 97 per cent decline in own-account trading profits to DM7m.

Profits were helped by a 14 per cent rise in interest income to DM4.3bn, reflecting buoyant mortgage business.

Full details will be released on Monday.

BHP climbs 13.4% to A\$322m in third term

By Nikky Tait
in Sydney

Broken Hill Proprietary, the big Australian resources group, yesterday reported a 13.4 per cent increase in profits after tax for the third quarter to end-February, to A\$322m (US\$230m). Revenue in the period was 2.4 per cent higher at A\$4.18bn.

BHP also announced a one-for-10 scrip issue, which will be made to shareholders on the register on May 19.

Profits for the first nine months of the current financial year advanced to A\$1.39bn from A\$924m a year ago. However, the latest figure includes an abnormal item of A\$234m reported last quarter. Excluding this item, profit for the nine months rose 25.3 per cent.

Revenues in the nine-month period were 7.8 per cent higher than last year, at A\$12.4bn.

Basic earnings per share, excluding abnormalities, rose 6 per cent to 22.9 cents in the third quarter from a year ago, while the nine-month figure was 19.7 per cent higher at 82.7 cents.

There is a half-yearly dividend of 26 cents a share, compared with 23 cents last time.

BHP said all its main business groups improved results, although the higher Australian dollar exchange rate depressed US dollar-denominated revenues.

In the minerals division, after-tax profits increased 9.1 per cent to A\$225m in the third quarter. Higher copper prices more than offset the impact of lower US dollar prices of coal and iron ore.

Steel profits rose 9.6 per cent to A\$114m, with raw steel production up by 4 per cent. Petroleum profits rose 6.1 per cent to A\$122m, with the effect of higher oil prices offsetting increased exploration expenditure.

The service companies posted A\$20m profit in the quarter, A\$7m more than a year ago.

Group interest expense was A\$105m, about 4.5 per cent lower than a year earlier.

Jardine Matheson cautious despite 16.4% rise in year

By Simon Holberton
in Hong Kong

Jardine Matheson, the Hong Kong conglomerate controlled by the Keswick family, yesterday announced a 16.4 per cent rise in net profits before extraordinary items to US\$462.6m in the year to end-December from \$388.2m a year earlier.

The result, which was slightly above expectations, was struck on turnover up almost 12 per cent at \$5.5bn.

Mr Henry Keswick, chairman, said profits growth last year had been satisfactory.

However, he said he expected 1995 to be a "demanding year with more difficult trading conditions for several of the group's businesses".

Jardine Matheson delisted its shares from Hong Kong at the end of last year. Other members of the group ceased share trading in Hong Kong yesterday and hope activity will migrate to Singapore.

Jardine's net profit attributable to shareholders rose 6.7 per cent. Extraordinary gains of \$36.2m inflated 1993 profits and were not repeated last year. A final dividend of 17.2 cents a share was declared which, with the interim payout of 7.8 cents, makes 25 cents - a rise of 14 per cent over 1993.

Earnings per share were 76.9 cents, up 16 per cent on 1993.

Mr Keswick said the group's financial strength would enable it to develop "long-term opportunities" in the Asia-Pacific region "which is set to remain the world's most dynamic economic area".

Jardine Pacific, the main non-listed entity within Jardine Matheson, increased its net profits 15 per cent to \$124.4m. Its trading and distribution businesses had a particularly good year, lifting pre-tax profits 81 per cent to \$51.8m.

Mr Keswick said the group's 24 per cent associate in Singapore, Cycle & Carriage, had an "excellent" year. It reported a 38 per cent increase in profits, of which \$10.1m was attributable to Jardine.

See Lex

Apple loses round in Microsoft court fight

By Louise Kehoe
in San Francisco

A federal judge has rejected Apple Computer's request for a preliminary injunction against Microsoft's Video for Windows program.

Apple, however, said it would continue to seek damages for copyright infringement. Apple claimed in a lawsuit filed in February that the Microsoft program contains a programming code that was copied from Quicktime for

Windows, Apple's competing product.

Both programs enable personal computers to display full motion video, an important element of multimedia applications.

Also named in the Apple lawsuit is Intel, the world's leading semiconductor manufacturer, and San Francisco Canyon, a small software firm that produced the disputed program code for both of the video display programs. Intel was involved in the development of Microsoft's Video for Windows.

Intel has claimed in court documents that it owns the code, used in Video for Windows, which was written under contract by Canyon.

Microsoft denies stealing the software code and said it stopped shipments of Video for Windows on March 1, complying with a temporary restraining order issued by the court. Last week, the company introduced a new version of the program that does not contain the disputed code. Apple had accused Microsoft of violating the court order by continuing to distribute the disputed product electronically.

The judge instructed Microsoft to issue a notice to stop all forms of distribution. Apple said that it was satisfied with his decision.

An estimated 80 per cent of PCs sold last year run Microsoft's Windows, while Apple's share of the market has slipped to about 10 per cent.

It is critical for Apple to keep the support of third party software developers if it is to maintain its position in the PC market.

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It is critical for Apple to keep the support of third party software developers if it is to maintain its position in the PC market.

Profits surge to BFr4bn at Belgian retailer

By Caroline Southey
in Brussels

Delhaize "Le Lion", the big Belgian retail group, posted a sharp rise in consolidated net profits before extraordinary items to BFr4bn (\$1.7bn) in 1994 from BFr2.6bn in 1993.

There were no exceptional items in 1994, compared with a provision of BFr1.6bn against exceptional losses in 1993.

Consolidated sales climbed 4

per cent to BFr30.8bn, helped by a 5.6 per cent rise in Delhaize "Le Lion" sales to BFr38.6bn and a 4.2 per cent increase in turnover at the US Food Lion supermarket chain, the group's main interest abroad, to \$7.9bn.

Delhaize "Le Lion" contributed 22 per cent to group profits, while Food Lion accounted for 60 per cent.

The company plans to expand the Food Lion opera-

tion this year with the opening of 50 new supermarkets and the renovation of 120 stores.

At the end of last year, Food Lion operated 1,039 supermarkets in 14 states in the US, down from 1,086 at the end of the previous year.

The group also plans to expand foreign supermarket operations in the Czech Republic and Greece.

Last year, it diversified geographically with the acqui-

sition of a majority shareholding in Group P.G. in France which operates 30 supermarkets in the Nord Pas de Calais region.

Super Discount Markets, which operates 13 stores in the Atlanta area, reported losses of \$700,000, against losses of \$1.2m in 1993.

Turnover rose 15 per cent to \$298m.

The board will propose a net dividend of BFr23, op from BFr20 last time.

Calor dips to £49m as mild winter takes toll

By James Whittington

Mild winter weather and lower sales of gas-for-heating depressed profits last year at Calor Group, the UK's dominant supplier of bottled liquefied petroleum gas.

Pre-tax profits fell by 5 per cent from £51.5m to £48.8m on the back of an 8 per cent drop in turnover from £296.5m to £271.5m.

Although analysts had expected lower profits, they were disappointed at the proposed unchanged final dividend of 6.5p, given a share price of 12.5p. The shares closed down 9p at 26p.

With net cash of £41m, Mr Michael Davies, group treasurer, said that investment opportunities were being studied in Asia and Latin America.

Mr Davies said gas sales were hit by an "unseasonably mild" final quarter. Although Calor maintained its more than 50 per cent share of the UK liquefied petroleum gas business, the volume of gas sales in the second half of 1994 was down by 11 per cent.

Lower butane and propane prices were partly offset by the group's continuing programme to cut costs, which helped maintain operating margins at 17.3 per cent. But this was not enough to stop operating profits falling by 9 per cent to £48.8m.

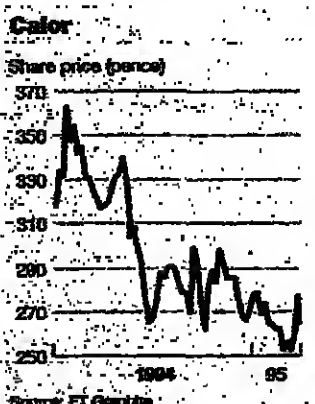
The strategy of diversification was continued with the launch of a range of refrigerants used to replace CFCs. Meanwhile, the drinks dispensing operation - where Calor leases air separation systems to brewers and pub chains - reduced its losses from £3.1m to £1.8m as the number of installed outlets increased. The business is expected to break even this year.

Overseas, the group's 20 per cent joint venture in Pam Gas, with SHV, which markets and distributes LPG in Poland, Hungary, the Czech Republic and Slovakia, made a small profit. Calor's pre-tax share of £1m (£200,000) was re-invested in the business.

Earnings per share slipped to 19.1p (18.5p).

● COMMENT

Calor is struggling to grow in what is a mature market for



Source: FT Composite

bottled gas in the UK. To try to make profits less dependent on the vagaries of the weather, diversification into other products is one solution. However, forays overseas are more likely to produce rapid and sustained growth. The group is looking to use its cash chest to make overseas investments with its European partner SHV. Until these come through, however, the stock's yield of 5.9 per cent against the market's 4 per cent makes it one worth holding. Analysts expect little change in profits with a prospective multiple of just under 14.

Exceptional write-down hits Kelt

By Robert Corzine

A big write-down of US reserves caused Kelt Energy, the oil and gas exploration company, to report a pre-tax loss of £25.1m for 1994.

Operating profits were £5m, compared with £4.8m for the previous nine-month period. Mr Hubert Perrodo, chairman, said the company decided that a change in market conditions in the US required it to write down its US assets by £20.1m.

In California, most of the company's oil output comes from wells located in densely populated parts of Los Angeles. Operational and regulatory constraints together with weak oil prices convinced management that the assets have a greater value as residential and commercial real estate than as producing oil fields.

The company also wrote down natural gas reserves because of a sharp fall in US gas prices over the past year.

As a result Kelt's proven reserves fell to 27.8m barrels of oil equivalent, against 58.2m a year earlier.

Turnover was £31.4m (£29.7m). Losses per share were 16.7p (earnings of 3p).

Cost cuts and price rises help UK activities make up for decline in the US

By Andrew Taylor,
Construction Correspondent

Bardon Group, the aggregates and ready mix concrete company, moved back into the black in 1994 making pre-tax profits of £19.5m, against a loss of £47.9m.

The comparative figures, however, were depressed by a £60m write-down of the marine dredging business. Mr Peter Tom, chief executive, said pre-tax profits, excluding the write-down, showed a 67 per cent rise.

US profits slipped from £16.5m to £14.5m due mainly to a delay in agreeing the Transportation Bond Bill which had

included £25.6m from discontinued activities.

UK operating profits rose by 76 per cent to £20.2m (£11.5m) helped by cost reductions, higher sales volume and price increases.

There had been a further price rises this year of 3 to 4 per cent, which the company expected to stick in spite of more difficult market conditions. UK sales volume could rise by a further 2 to 3 per cent, the company said.

US profits slipped from £16.5m to £14.5m due mainly to a delay in agreeing the Transportation Bond Bill which had

held up construction in Massachusetts. The bill had been passed in the second half of last year and prospects, as a result, had improved.

The shares rose 3p to 31p.

The rise was helped by the announcement that the group had won planning permission to extend its reserves by 20m tonnes at Dumfries in Scotland while the environment department has indicated that it would approve plans to dredge a further 40m tonnes of sand and gravel for the North Sea.

Earnings per share were 1.7p, against losses of 12.5p or

earnings of 1.1p excluding exceptional items. The company is proposing a maintained final dividend of 1.2p making an unchanged total of 2p.

● COMMENT

The stock, in spite of a much better operating performance, continues to be held back by net debt of £222m and fearings of 67 per cent which barely improved last year. Profits could reach £23m this year but the shares are unlikely to improve until debt reduces further. Analysts say this is unlikely to happen without disposals.

Revamped Johnson Fry at £4.18m

Johnson Fry, the financial services and investment company, built on its return to profits at the halfway stage to report pre-tax profits of £4.18m for 1994, writes Graham Deller.

The outcome, achieved on turnover from continuing operations of £22.5m (£46.1m), compared with losses last time of £12.5m, a figure which reflected the sale of the LIT America operation and a fundamental restructuring.

This enabled the resumption of dividends to ordinary shareholders who receive a distribution of 2p, payable from earnings of 17.9p (losses of 103.1p) per share. The last payment was in 1989.

The property side was again the best performer with operating profits of £6m (£2.2m).

Financial products contributed operating products of just £200,000, against £13m, reflecting the ending of the business expansion scheme, previously one of the group's main areas of activity.

Millwall in red

Millwall Holdings, the football club, turned in an interim pre-tax loss of £13,000.

This compared with a £1.7m profit which was boosted by a £587,000 surplus from the sale of the Den, the club's old stadium.

Turnover for the six months

ever, saw profits drop from £4.5m to £3.1m reflecting a poor tanker market.

Insurance broking reduced losses to £1m (£2.5m), struck after writing off goodwill of £200,000 and a further net provision for run-off costs of £1.2m (£1.1m).

Earnings per share were 6.1p (3p). A final dividend of 1.25p makes 2p (1.75p) per share.

TLS buoyant

TLS Range, the vehicle rental group, built upon a good first half showing to exceed analysts' expectations for the full 1994 year.

On record turnover of £25.4m (£11.6m) - a rise split almost equally between organic growth and the acquisition in 1993 of Auto-Rentals - and despite an increased interest burden, pre-tax profits leapt eightfold to £1.71m (£209,000).

Earnings per share jumped to 3.6p (0.9p). The proposed final dividend is doubled to 1p for a total of 1.5p (0.5p).

The directors expect a return to profits in 1995.

Universal Ceramic

Universal Ceramic Materials, the maker of refractory and heating element products which came to the market last June, reported pre-tax profits up from £1.63m to £2.05m in 1994.

Turnover of continuing operations amounted to £28.2m (£24.6m). A final dividend of 2.75p is proposed, payable from earnings per share of 6.4p.

Breedon rises

Breedon, the quarrying and housebuilding group, reported pre-tax profits almost doubled at £2.04m for the year to January 31, against £1.62m. Turnover rose 35 per cent from £9.85m to £13.1m.

The company said there were improvements in all divisions. The shares rose 8p to close at 51p.

Speciality Shops

Speciality Shops, which owns and manages in-town shopping

centres, announced pre-tax profits of £1.13m for 1994 after an £871,000 write-back of provisions on trading properties. Last time there were losses of £5.24m following a £5.68m write-down.

Turnover for the group, which was floated last May, fell to £4.54m (£7.06m) following a drop in property sales.

Earnings per share were 6.6p and a dividend of 1.25p is proposed.

Ayrshire Metal

Ayrshire Metal Products, producer of cold rolled steel profiles, raised pre-tax profits by 61 per cent from £1.35m to £2.18m in 1994, on turnover up by 15 per cent to £27m.

Mr Mark Wilson, chairman, said that trading in the early part of 1995 was ahead of the same stage of 1994, with some signs of overall improvements in the principal markets.

Earnings per share were 14.2p (8.3p) and the final dividend of 3.5p makes a total of 4.75p (1.5p).

From earnings per share of 7.56p (3.86p) a proposed final dividend of 3.06p makes a total of 4.63p (4.6p).

Restructured Proudfoot advances to £11.2m

By Christopher Price

Proudfoot, the management consultancy which has undergone extensive restructuring in the past 18 months, announced pre-tax profits of £11.2m for 1994.

Losses last time of £11.3m included £20.2m exceptional losses from the closure of the Indeco operations.

The improvement for continuing operations came despite a fall in trading, blamed by Mr Malcolm Hughes, chief executive, on the failed attempt by management to buy out the African European and South African business. "This was a major distraction which hit us particularly hard in the second half."

He added that the tough-

business climate was also a contributing factor.

Turnover on continuing operations fell by 24 per cent to £106.5m.

Revenues from the Crosby consultancy, which specialises in education and tutorial services, halved, although that had been expected because of the reorganisation.

Mr Hughes said the outlook was more stable for 1995.

Earnings per share were 2.2p (24.5p losses). A final dividend of 2p is proposed, making a total of 4p (3.5p).

The group also announced that Lord Stevens, its chairman since 1987, was leaving the board, as is Mr John Prosser, the former chief executive who was deposed last October. Mr William Turner is to become chairman.

Improved margins help Ruberoid rise to £8.4m

By James Whittington

Cost savings helped Ruberoid, the waterproofing systems specialist, report an 18 per cent rise in profits in its first full results since it was spun off from Tarmac in November 1993.

Pre-tax profits benefited from savings of about £1m and rose from £7.1m, on a pro forma basis, to £8.4m in 1994. Currency gains of £4.4m pushed turnover ahead by 8 per cent to £240.1m.

At the operating level, margins were improved across the board by about 1 percentage point to 11 per cent, mainly through cost savings.

Growth in the sale of waterproofing liquids helped the Antwerp-based European waterproofing division to

increase profits to £3.7m (£2.3m) on turnover of £110.8m (£104.4m).

The building materials division was boosted by a rationalisation of the product range and a contribution from Hyloard, acquired in August. Profits rose to £5.3m (£4.7m) on sales of £44.1m (£44.2m).

On the contracting side, Ruberoid has reduced its number of projects since 1992 and profits rose from £500,000 to £1.5m, on turnover of £85.2m, against £84m previously and £117.2m in 1992.

The final dividend is 4.2p, giving a total of 5p compared with a national 5.4p.

Earnings were up 12 per cent to 11.9p from a pro forma 10.6p.

The shares, issued at 150p, moved up 8p to 137p.

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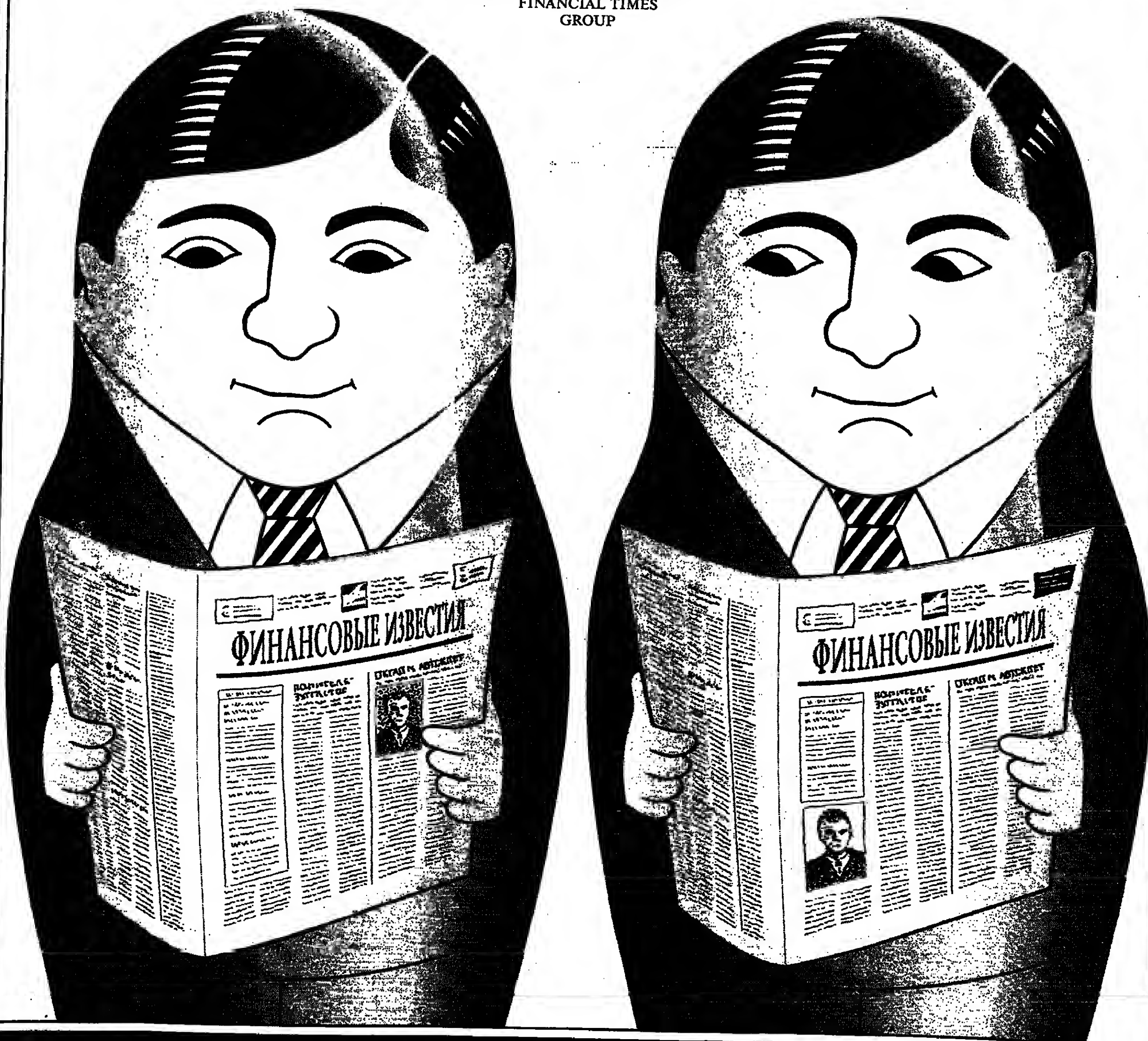
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FINANCIAL TIMES
GROUP



COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS
Silver leads
precious
metals rally

Silver and platinum stepped into the limelight with impressive price rises yesterday, encouraging a stronger performance from gold and relegating palladium, recently the star turn on the precious metals stage, to a minor role.

Following a dramatic 10 per cent overnight rally on the New York Commodity Exchange (Comex) cash silver was fixed in London yesterday morning at \$3.16 a troy ounce, the highest since November 28 last year. It closed at \$3.35 on 38 cents on the day and 63 cents on the week. Platinum, which had been marking time as the market in palladium, its sister metal, went off the boil - jumped by 4 per cent to a 4-year high of \$434.25 an ounce, up \$17.75 on the week. The gold price tagged along, though at a respectable distance, gaining \$8.35 on the day at \$391.75 an ounce, up \$9.75 on the week.

New York traders told the Reuters news agency that the rally started after it was realised that Thursday's 50-point cut in the Bundesbank's discount rate would not provide a long-term prop for the languishing US dollar. And precious metals market analysts pointed out that the white metals (now regarded principally as industrial raw materials) would benefit more than gold from a potentially expansionary interest rate cut round in the industrialised countries.

Palladium is clearly numbered among the industrial precious metals - its main uses being in electronics, motor exhaust catalysts and dentistry. But a rise of 12 per cent in a fortnight had already taken its price to the highest for nearly six years and this week saw a period of rather erratic consolidation.

An early retreat accelerated on Tuesday after Kyocera Corporation, a leading Japanese manufacturer of the multi-

layer ceramic capacitors used in products such as mobile telephones, personal computers and wide-screen televisions, announced that it planned to cut its use of palladium substantially and use cheaper substitutes such as nickel, silver and copper.

The market bounced strongly the following day, however, as investment fund buyers were encouraged by reports that Japanese imports of the metal were continuing at a high level. The price continued to see-saw but at yesterday's afternoon "fixing" it stood at \$174.50 an ounce, up 35 cents on the week and only \$1.50 below Wednesday's peak.

At the London Metal Exchange base metals contracts concluded a lacklustre week rises that in some cases came close to compensating for the earlier losses.

The strongest recovery was in the aluminium market. The three months delivery price yesterday touched \$1,884 a tonne before closing at \$1,872.50, up \$21 on the day and just below \$1,900 on the week. News that Russian aluminium producers planned to cut exports by 300,000 tonnes to 2m this year underpinned bullish sentiment, traders told Reuters, as did another big fall in LME warehouse stocks.

Many base metal markets were given a premature push by the hedge funds in 1994 and only now starting their fundamentally-based bull markets, London stockbroker James Capel said yesterday.

Company analyst Jon Bergthell told Capel's Mining House conference that the copper price rose as stocks fell to low levels very early in the cycle. Hedge funds then got involved. "Copper was justified in having a bull market," he said, "the other metals were not."

Richard Mooney

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7% Purity (per tonne)

Close 1880-0 1872-3

Previous 1871-0/1870-0

AM Official 1871-0/1870-0

Kerb close 1871-0/1870-0

Open int. 214,010

Open int. 54,332

■ ALUMINIUM ALLOY (per tonne)

Close 1890-0 1880-0

Previous 1880-0 1870-0

AM Official 1880-0/1870-0

Kerb close 1880-0/1870-0

Open int. 180-0-0

Open int. 2,670

■ LEAD (per tonne)

Close 590-0 605-0

Previous 580-0 600-0

AM Official 580-0/590-0

Kerb close 580-0/590-0

Open int. 36,000

Open int. 5,012

■ NICKEL (per tonne)

Close 7600-0 7770-0

Previous 7670-0 7770-0

AM Official 7670-0/7770-0

Kerb close 7670-0/7770-0

Open int. 65,000

Open int. 7,500

■ TIN (per tonne)

Close 5745-0 5790-0

Previous 5700-0 5790-0

AM Official 5700-0/5790-0

Kerb close 5700-0/5790-0

Open int. 20,000

Open int. 2,613

■ ZINC, special high grade (per tonne)

Close 1080-0 1085-0

Previous 1080-0 1085-0

AM Official 1080-0/1085-0

Kerb close 1080-0/1085-0

Open int. 97,510

Open int. 11,371

■ COPPER, grade A (per tonne)

Close 2880-0 2930-0

Previous 2880-0 2930-0

AM Official 2880-0/2930-0

Kerb close 2880-0/2930-0

Open int. 237,714

Open int. 30,200

■ LME Official 2% rate, 1.9143

LME Closing 2% rate, 1.9016

Spot 1.8270 5 mth 1.8680 6 mth 1.8780 9 mth 1.8710

■ HIGH GRADE COPPER (COMEX)

Close 140-20 141-00 140-00 142-00 143-00

Previous 139-00 140-00 141-00 142-00 143-00

AM Official 139-00/140-00

Kerb close 139-00/140-00

Open int. 100,000

Open int. 10,000

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An enjoyable reincarnation

Kevin Brown

CURRENCIES AND MONEY

MARKETS REPORT

Dollar plunges

The dollar fell to a fresh low on the foreign exchange market yesterday amid fears of heavy selling in Japan, writes Philip Gault.

Traders believe that many Japanese companies and investors held off on dollar sales until the end of the financial year on March 31.

Concern about this potential overhang of dollars on the market, prompted short-term speculators to sell the currency when European markets opened. This fall continued when US markets opened.

Selling was also encouraged by the perception that the Bundesbank's decision to cut interest rates on Thursday had not significantly altered the political and economic fundamentals which underlay the weakness of the dollar and peripheral European currencies in the first place.

The dollar finished in London at DM1.3685, from DM1.4107, and at ¥86.4, from ¥89.575.

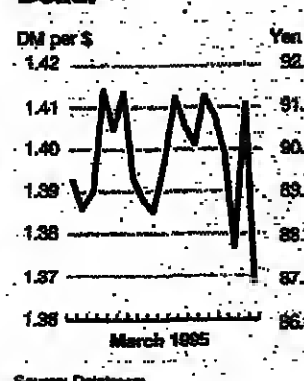
Pound in New York

Mar 31 - Last - Prev. close -
1 month 1.8220 1.8040
3 months 1.8220 1.8040
1 year 1.8242 1.8230

Sterling had a topsy-turvy day before finishing at DM2.229, from DM2.2525, and at \$1.6288, from \$1.6967.

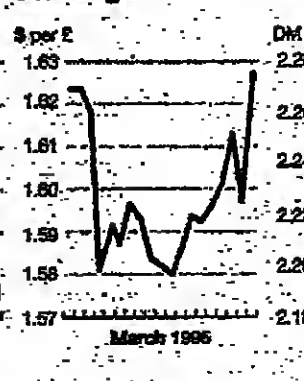
Analysts said that the early currency moves were essentially yen moves, prompted by the worries about the effect of

Dollar

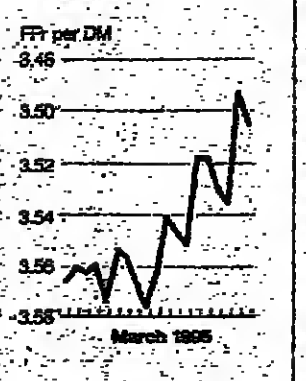


Source: Datastream

Sterling



D-Mark



the Japanese fiscal year-end. Although selling was mostly in the interbank market, there were reports of Japanese corporate selling, and trying to book the profits over until Monday when the new financial year begins.

The European crosses were mostly untouched by the move. "This has not been one of those D-Mark surges on the European crosses that we have seen in recent weeks," said Mr Peter Farley, economist at MMS International in London. Some observers linked yen

strength to the Bank of Japan's overnight money market activities in which it announced its intention to ease call money rates without cutting the discount rate.

"It shows they are not yet ready to switch over to a full-blown relaxation policy," said Mr Chris Turner, currency economist at BZW in London. He said the BOJ had rejected the perfect opportunity, granted them by the Bundesbank easing rates on Thursday, of showing a co-ordinated central bank effort to move

interest rates.

Mr Andrew Milligan of New Japan Securities in London said the BOJ's reluctance was understandable in the light of relatively buoyant forecasts for industrial production for April, and the second quarter.

He said the BOJ was probably also reluctant to be seen to be at the beck and call of Japan's politicians. Comments earlier in the week from Mr Masayoshi Takemura, the finance minister, were interpreted by markets as an attempt by the finance minis-

try to pressurise the BOJ into cutting rates.

The dollar stabilised after its early falls in Europe, before spinning lower again when Wall Street opened. Rumours, later denied, of an emergency meeting of the Federal Reserve to raise interest rates in support of the dollar, prompted panic selling of the currency, as well as bonds and equities.

In its daily operations the Bank of England cleared a \$750m money market shortage at established rates.

WORLD INTEREST RATES

MONEY RATES

March 31	Over night	One month	Three months	Six months	One year	Long term	Dis. rate	Repo rate
Belgium	5%	5%	5%	5%	5%	7.40	4.00	-
week ago	5%	5%	5%	5%	5%	7.40	4.00	-
France	7%	7%	7%	7%	7%	5.00	-	5.00
week ago	7%	7%	7%	7%	7%	5.00	-	5.00
Germany	4.50	4.50	4.50	4.50	4.50	5.00	4.00	4.50
week ago	4.50	4.50	4.50	4.50	4.50	5.00	4.00	4.50
Ireland	5%	5%	5%	5%	5%	-	-	5.25
week ago	5%	5%	5%	5%	5%	-	-	5.25
Italy	9%	10%	11%	11%	11%	-	7.50	10.50
week ago	10%	10%	11%	11%	11%	-	7.50	10.50
Netherlands	4.57	4.70	4.85	5.00	5.17	-	5.25	-
week ago	4.57	4.70	4.85	5.00	5.17	-	5.25	-
Switzerland	3%	3%	3%	3%	3%	5.625	3.00	-
week ago	3%	3%	3%	3%	3%	5.625	3.00	-
US	5%	5%	5%	5%	5%	-	-	5.25
week ago	5%	5%	5%	5%	5%	-	-	5.25
Japan	2%	2%	2%	2%	2%	-	-	1.75
week ago	2%	2%	2%	2%	2%	-	-	1.75

LIBOR FT London

March 31	Over night	One month	Three months	Six months	One year
Interbank fixing	5%	5%	5%	5%	5%
week ago	5%	5%	5%	5%	5%
US dollar CDs	5.50	5.50	5.50	5.50	5.50
week ago	5.50	5.50	5.50	5.50	5.50
SCB Linked De	4%	4%	4%	4%	4%
week ago	4%	4%	4%	4%	4%

ECU Linked De bid rates: 1 mth 6%; 3 mth 6%; 6 mth 6%; 1 year 7%. ECU interbank fixing bid rates are offered rates for ECU linked to the market by bid interbank fixing at 11am each working day. The banks are Deutsche Bank, Bank of Tokyo, Citibank and National Westminster. Bid rates are shown for the domestic money market, US \$ CDs and SCB Linked Deposits (p.p.).

EURO CURRENCY INTEREST RATES

March 31	Over night	One month	Three months	Six months	One year
Belgium Franc	5% - 5%	5% - 5%	5% - 5%	5% - 5%	5% - 5%
week ago	5% - 5%	5% - 5%	5% - 5%	5% - 5%	5% - 5%
France Franc	7% - 7%	7% - 7%	7% - 7%	7% - 7%	7% - 7%
week ago	7% - 7%	7% - 7%	7% - 7%	7% - 7%	7% - 7%
Germany Mark	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%
week ago	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%
Italy Lira	9% - 9%	10% - 10%	11% - 11%	11% - 11%	11% - 11%
week ago	10% - 10%	11% - 11%	11% - 11%	11% - 11%	11% - 11%
Netherlands Guilder	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%
week ago	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%	4.5% - 4.5%
Spain Peseta	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
week ago	8% - 8%	8% - 8%	8% - 8%	8% - 8%	8% - 8%
Sweden Krona	5% - 5%	5% - 5%	5% - 5%	5% - 5%	5% - 5%
week ago	5% - 5%	5% - 5%	5% - 5%	5% - 5%	5% - 5%
Switzerland Franc	3% - 3%	3% - 3%	3% - 3%	3% - 3%	3% - 3%
week ago	3% - 3%	3% - 3%	3% - 3%	3% - 3%	3% - 3%
UK Pound	5% - 5%	5% - 5%	5% - 5%	5% - 5%	5% - 5%
week ago	5% - 5%	5% - 5%	5% - 5%	5% - 5%	5% - 5%

Short term rates are bid for the US dollar and Yen, others two day's notice.

THREE MONTH EURO CURRENCY FUTURES (LFFE) DM1m points of 100%

March 31	Open	Sett. price	Change	High	Low	Est. vol	Open int.
Jun	93.14	93.14	-0.04	93.14	92.88	51,257	47,872
Jul	93.49	93.49	-0.22	93.49	93.18	15,520	34,565
Aug	93.50	93.50	-0.18	93.50	93.30	7,253	30,819
Sep	93.23	93.23	-0.16	93.23	93.06	1,494	15,751

THREE MONTH EURO CURRENCY FUTURES (LFFE) \$1m points of 100%

March 31	Open	Sett. price	Change	High	Low	Est. vol	Open int.
Jun	93.45	93.45	-0.08	93.45	93.17	0	595
Jul	93.25	93.25	-0.14	93.25	92.97	0	329
Aug	93.50	93.50	-0.18	93.50	93.30	0	255
Sep	93.23	93.23	-0.16	93.23	93.06	0	0

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Aug	93.50	93.50	-0.18	93.50	93.30	0	255
Sep	93.23	93.23	-0.16	93.23	93.06	0	0

THREE MONTH EURO CURRENCY FUTURES (LFFE) \$1m points of 100%

March 31	Open	Sett. price	Change	High	Low	Est. vol	Open int.
Jun	93.45	93.45	-0.08	93.45	93.17	0	595
Jul	93.25	93.25	-0.14	93.25	92.97	0	329
Aug	93.50	93.50	-0.18	93.50	93.30	0	255
Sep	93.23	93.23	-0.16	93.23	93.06	0	0

THREE MONTH EURO CURRENCY FUTURES (LFFE) \$1m points of

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Paris in the lunchtime.

FT Guide to Eating Out in Paris.

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FT MANAGED FUNDS SERVICE

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MANAGED FUNDS SERVICE									
Fund Name	Manager	Investment Objective	Assets Under Management (£m)	Units in Issue (£m)	Units Held by Public (£m)	Units Held by Institutions (£m)	Units Held by Foreign (£m)	Units Held by UK (£m)	Units Held by Other (£m)
Capital Growth Funds									
Capital Growth Fund	Capital Growth Fund	Capital Growth	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital Growth Fund	Capital Growth Fund	Capital Growth	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Income Funds									
Income Fund	Income Fund	Income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Income Fund	Income Fund	Income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Equity Funds									
Equity Fund	Equity Fund	Equity	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Equity Fund	Equity Fund	Equity	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Money Market Funds									
Money Market Fund	Money Market Fund	Money Market	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Money Market Fund	Money Market Fund	Money Market	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Real Estate Funds									
Real Estate Fund	Real Estate Fund	Real Estate	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Real Estate Fund	Real Estate Fund	Real Estate	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Commodity Funds									
Commodity Fund	Commodity Fund	Commodity	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Commodity Fund	Commodity Fund	Commodity	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Money Market Trust Funds

Fund Name	Manager	Assets Under Management (£m)	Units in Issue (£m)	Units Held by Public (£m)	Units Held by Institutions (£m)	Units Held by Foreign (£m)	Units Held by UK (£m)	Units Held by Other (£m)
Money Market Trust Fund	Money Market Trust Fund	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Money Market Trust Fund	Money Market Trust Fund	100.0	100.0	100.0	100.0	100.0	100.0	100.0


Money Market Bank Accounts

Bank Name	Interest Rate (%)	Minimum Deposit (£)	Overnight Rate (%)	Monthly Rate (%)	Annual Rate (%)
Bank of England	5.00	100.00	5.00	5.00	5.00
Bank of England	5.00	100.00	5.00	5.00	5.00

MANAGEMENT SERVICES

Service Name	Manager	Assets Under Management (£m)	Units in Issue (£m)	Units Held by Public (£m)	Units Held by Institutions (£m)	Units Held by Foreign (£m)	Units Held by UK (£m)	Units Held by Other (£m)
Management Service	Management Service	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Management Service	Management Service	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Mar 31 / US\$)

(215 pm)

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MARKET REPORT

**By Terry Byland,
UK Stock Market Editor**

fall back from the high levels seen earlier this week when end-of-year tax loss operations were in full swing. Seat's business of 674m shares yesterday was down by nearly 11 per cent from the previous session when equity investment from outside the market was worth \$219m, a near-record total.

However, non-Footsie businesses made up around 50 per cent of the day's business, a significant recovery from recent sessions in which activity in the blue chips had diminished. The FT-SE Mid 250 index, which covers a wide range of second-line stocks, slipped only 3.9 to 2,637.1, indicating that underlying confidence remained steady.

FT-SE 100 Index	
Closing Index for Mar 31	3137.9
Change over week	-15.5
Mar 30	3178.2
Mar 29	3142.3
Mar 28	3128.3
Mar 27	3149.3
High*	3185.6
Low*	3111.3
*Intra-day high and low for week	

100

Ladbroke

strong on tax move

Leisure and hotels group Ladbroke moved 3 1/2 p, to 18p, in trade of 58,4m, making it the day's best performing stock in the FT-SE 100, as dealers assessed the news that the UK government is to reduce the tax paid by operators of football pools gambling schemes.

The UK Chancellor is reducing the tax by 5 percentage points to 32.5 per cent bringing the levy in line with the tax paid by the National Lottery.

One market operator suggests the move could save Ladbroke's Variously pools subsidiaries around 24m a year.

Buying was further encouraged by publication of a government consecutive years of amusement machines taken to the market to be favourable operators. It boosted Stanlec Leisure whose shares had risen to 38p. London Clubs had earned a penny to 25p.

AAH active

Healthcare group AAH lifted a 443p - a rise of 12p over the week as the market became increasingly convinced that there was more money come in the current bid battle.

German group Gehe has launched a 480p a share offer and stressed that it is not prepared to pay more.

However, many analysts believe a counter bidder will emerge. And some were arguing yesterday that Gehe might be prepared to dig deeper in its pockets despite its predictions. They point to the 30 per cent rise in net income for 1994. Also two institutions announced this week that th

The US selling was compounded by a sharp fall in the value of the dollar against the Japanese yen and sterling. SmithKline Beecham fell 16 to 478p in the 'A's and 20 to 455p in the Units, Glaxo lost 11 to

Wellcome 3 to 1052p.

Lloyds Bank bucked the overall market trend, the shares posting the only rise in the bank sector and closing higher at 1052p. The FTSE 100 stock was a hefty 4.7m.

The two classes of HSBC stock, the UK and Hong Kong registered, were given a rough ride by the market as the dollar came under another heavy bout of selling pressure. The UK-registered shares dropped 28 to 438p and the UK-registered shares fell 26 to 683p.

The oil sector, always closely linked with the performance of Wall Street, was given a thorough shaking as the US market plunged. The majors managed to rally from the day's worst levels, however, with BP eventually closing a net 64p off at 429p and Shell 56p off at 769p.

At the end of the day, the FTSE 100 index, settled 9 lower at 2639, a fall of over 3 per cent as the

market registered its disappointment with the preliminary figures and, specifically, the unchanged dividend. Speculators hoping for a bid

Proprietary, the Australian natural resources group which announced third quarter figures, were disappointed. Lesmo shares slipped to 160p before ending the session unchanged at 152p. Enterprise, also affected by the Lesmo speculation because of its near 10 per cent stake in the latter, dipped 8 to 382p.

In food manufacturers, Unigate appreciated 6 to 366p in trade of L1m, after ABN Amro Hoare Govett upgraded current year profit expectations. Hoare raised its forecast by 24m to £114m citing the better than

expected figures from Nutricia, the Dutch food group in which it holds a 32 per cent stake.

Court was said to have downgraded its recommendation from hold to "sell". However, dealers said a further slide was prevented by a reported recommendation from Morgan Stanley.

The UK Series

Dis. year	Gen. year	PE ratio	M1 adj. yield	Total harvest	2004/05		2005/06		2006/07		2007/08	
					High	Low	High	Low	High	Low		
4.34	7.91	15.24	44.44	1215.45	3093.3	2767.8	2474.91	3093.3	2767.8	2474.91	3093.3	
1.24	6.71	18.06	26.74	1300.91	4922.8	3299.4	3083.8	4922.8	3299.4	3083.8	4922.8	
1.24	7.54	15.83	10.73	1233.3	1708.3	2099.4	1463.3	1708.3	2099.4	1463.3	1708.3	
5.18	6.47	14.28	28.95	1025.91	1788.2	2494.4	2494.4	1788.2	2494.4	1788.2	2494.4	
3.08	6.48	12.87	12.11	1023.3	1722.8	2494.4	2494.4	1722.8	2494.4	1722.8	2494.4	
3.53	5.28	23.81	13.04	1352.30	2494.4	1631.1	1379.9	2494.4	1631.1	1379.9	2494.4	
3.53	5.28	23.81	13.04	1352.30	2494.4	1631.1	1379.9	2494.4	1631.1	1379.9	2494.4	
3.53	5.28	23.81	13.04	1352.30	2494.4	1631.1	1379.9	2494.4	1631.1	1379.9	2494.4	
3.53	5.28	23.81	13.04	1352.30	2494.4	1631.1	1379.9	2494.4	1631.1	1379.9	2494.4	

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	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
0.5	3163.0	3157.0	3162.2	3158.8	3166.8	3173.5	3135.7
0.9	3433.8	3436.3	3440.2	3441.2	3434.5	3442.8	3434.1
0.6	1583.5	1588.2	1586.3	1587.1	1557.9	1572.8	1595.5

12.00	13.00	14.00	15.00	16.00	Close	Previous	Change
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945.3	944.8	944.8	945.3	944.8	943.5	943.5	943.5
3653.9	3644.1	3648.5	3632.0	3607.9	3615.0	3606.3	-71.3
1785.7	1785.1	1785.0	1785.3	1781.6	1781.9	1771.6	+10.1
3026.4	3017.5	3023.1	3016.3	2986.1	2985.3	3030.4	-45.7
Base			Base	Base		Base	Base
value	Equity section or group	2023.1	Base	Base	Equity section or group	Base	Base
682.94	Water	2012/18	1000.00	FI-SEA-Assets' Total Ret	31/12/93	1000.00	
682.94	Non-Financials	10/4/02	700.00	Oil Exp & Pool Total Ret	31/12/93	764.77	

682.84	FT-SE-A All-Share	10/4/92	100.00	FT-SE-A Redding	30/12/94	7000.00
1000.00	All Other	31/12/95	7000.00	FT-SE-A Redding as Inv Tot	30/12/94	7000.00

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**NEW HIGHS AND
LOWS FOR 1994/95**

HIGH HIGHS (57).
SLITS (7) BURLING & GUSTIN (1) Brydson
 Hrs. ELDE MATLS & MCHS (3) Johnston,
CHEMICALS (7) McLeod Plaster,
 CONTRACTORS ON REPAIR: Whelan

[illegible]

Hartington 10Brick, OTHER FINANCIAL (1)
Hemlock Inc Service, OTHER SERVICES & MAINTENANCE (1)
(1) Kaseko, PAPER, PACKS & PRINTS (1)
Kilmer, PHARMACEUTICALS (2) Corbin
Pharma, PROPERTY (4) Eaux de Londe,
Parfiter Soc., Region Properties Wyo, YVES
RETAILERS, FOOD (1) Rosson, RETAILERS

flows by an average of 6.3 percent for the first two months of the year the March outcome for the airline could be something of a let-down, say analysts. The important Easter break runs into April this year and - according to UBS - March traffic may have slipped back to growth of under 4 percent.

Most securities houses expect time to rate the stock either

"buy" or "add to existing holdings." The shares have this week climbed back above the £4 barrier. The upswing in se-

Pharmaceuticals stocks led the market lower as they responded to profit taking in New York on Thursday night.

[illegible]

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1100	18.87	10.21	11.4
1180	15.73	8.03	10.8
1200	15.78	8.45	7.7
1250	13.57	8.43	7.3
1300	13.77	8.85	8.8

1400	8.27	8.79	8.74
1450	8.90	8.10	8.10
1500	8.84	8.14	8.14
1550	8.94	8.32	8.31
1600	8.78	8.11	8.11
1650	8.78	8.32	8.32
1700	8.88	8.32	8.31
1750	8.71	8.79	8.79
1800	8.58	8.58	8.58
1850	8.51	14.73	14.73
1900	8.90	28.50	27.73
1950	8.08	28.50	27.73
2000	7.90	14.73	16.50
2050	7.90	10.80	12.50
2100	7.90	8.88	10.80
2150	7.90	8.08	7.73
2200	8.27	8.79	8.74

2200	5.03	5.78	5.1
2300	5.03	5.18	5.1
2350	5.79	5.17	5.1
2400	5.20	5.14	5.1

negotiations, resumed to help stabilize prices. The oil companies have agreed to sell oil at a price that would be no more than 10 percent above the cost of production. The oil companies have agreed to sell oil at a price that would be no more than 10 percent above the cost of production. The oil companies have agreed to sell oil at a price that would be no more than 10 percent above the cost of production.

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Weekend FT

Miracle of the liquid economy

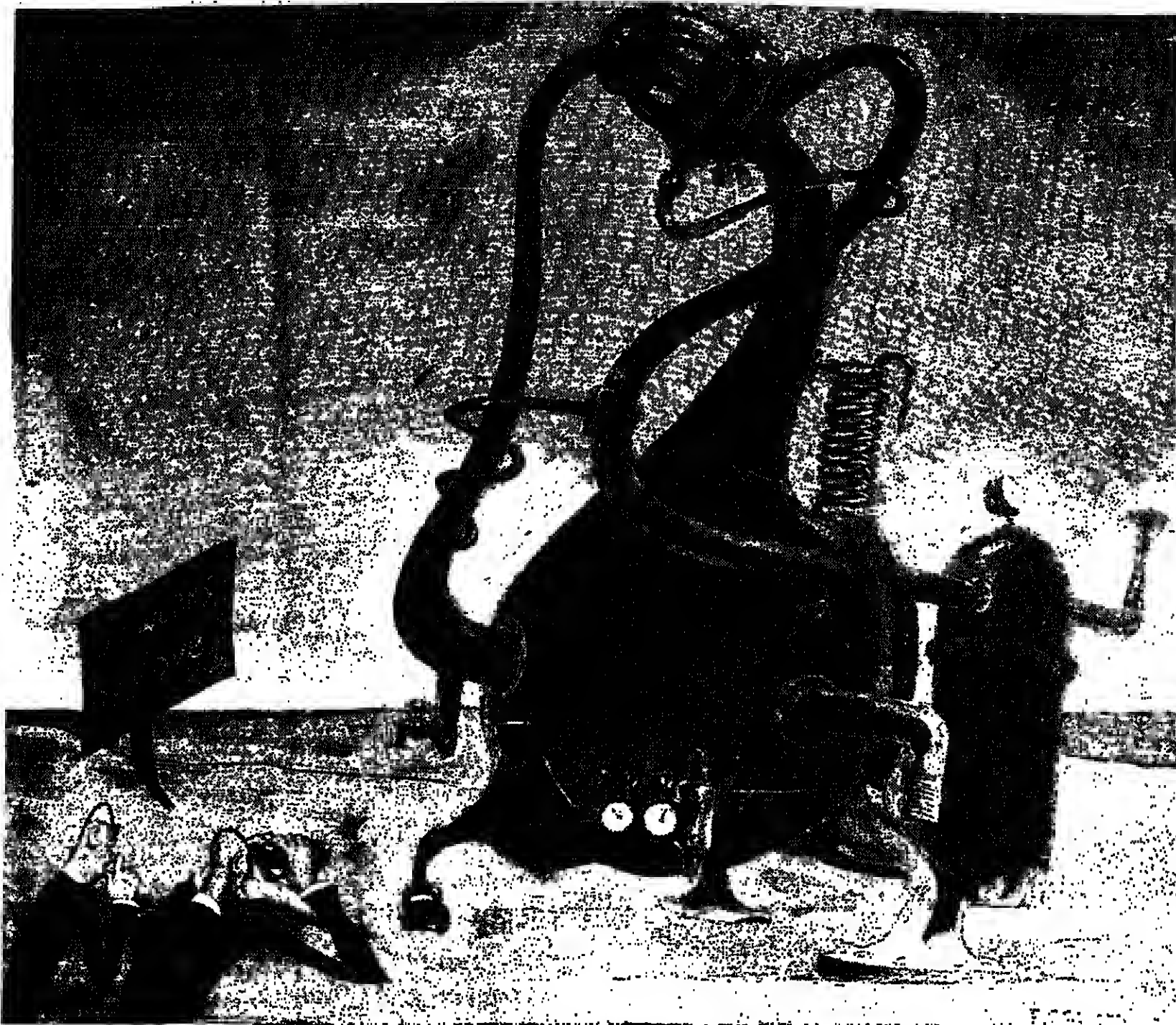
Robert Chote on a gurgling machine that may be the only truly tangible achievement in the history of economics

Late on a cold November afternoon in 1949, a distinguished collection of academics gathered in a seminar room at the London School of Economics. Before them stood a chain-smoking New Zealander holding "some blagblats" and "peculiarly shaped pieces of paper". But all eyes were fixed on what stood next to him: a bizarre contraption of tanks, pipes, valves and switches, with red liquid gurgling through them and spilling on to the floor.

The New Zealander was Bill Phillips. After periods as a crocodile hunter, cinema manager and prisoner of war, Phillips had come to economics late, he scraped through his undergraduate degree examinations in 1949 at the age of 34. Just nine years later he became a professor at the LSE after making a landmark contribution to post-war economic theory with his "Phillips curve" theory on the relationship between inflation and unemployment. The repercussions of which still dominate the subject almost four decades later.

The amazing machine which Phillips demonstrated that afternoon received his academic career after its inauspicious start. Seven feet tall by five feet wide by three feet deep, it was taller than the man in the street, and wider and heavier and much much cleverer. In the words of *Punch* magazine, it was "a hydraulic model in which coloured water mimicked the circulation of money round the economy, showing how growth, trade, taxes and interest rates were interrelated. And it did as good a job then as computers do now."

The fame of the Phillips machine spread quickly. About 14 were built in all, including versions for the universities of Cambridge, Melbourne and Harvard; one for the Ford Motor Company and another



for the central bank of Guatemala. A couple languished for years in a basement at the LSE, but just over a week ago one was given pride of place in London's Science Museum, unveiled by the national heritage secretary.

The Phillips machine should not be dismissed as a useless relic of the pre-computer age. Today's academic economists are driving potential students away from the subject with their obsessive preference for theoretical complexity over real world relevance. The Phillips machine should remind them that an intuitive understanding of the basic processes which underlie economic behaviour is more useful than the pursuit of mathematics for its own sake.

The Phillips machine speaks to policymakers too. Subscribers to the received wisdom that control over interest rates should be taken from treasuries and handed to central banks would do well to repeat the demonstrations which Phillips carried out with the machine in the 1950s. One student would be appointed chairman of the exchange and given power over the public finances. Another would be governor of the Bank of England and given control over interest rates. Disaster inevitably followed as the unco-ordinated policies sent water flooding everywhere.

The Phillips machine is also a physical manifestation of the great psychological hang-up of economists: physics envy. The recent failures of the "dismal science" owe much to the simplistic belief that the task of the economist is like that of the engineer - to control a large and intricate machine which is complicated to understand, yet ultimately consistent and predictable in its behaviour.

But as astounded academics and giggling students came to

appreciate over the years, water-filled machines knocked together from army surplus oddments and lengths of fishing line behave in as bizarre and exasperating a manner as people and economies do.

Alban William Housego Phillips was born in 1914 at Te Rukunga, on New Zealand's North Island. He left school at 15 to become an apprentice electrician. Then for two years he travelled Australia with his violin, learning calculus by correspondence course while working at a Queensland goldmine.

Phillips then came to Britain and joined the Air Ministry. Sent to Java he won a military MBE by holding off a bombing attack on his ship for 34 hours with a machine gun on an improvised mounting. Shortly afterwards he was imprisoned by the Japanese, in the company among others of the writer Laurens van der Post.

Van der Post later recalled how Phillips stole components

from the camp commandant to build a radio and how he invented a mini-immersion heater with which his fellow prisoners could make tea. "The result was, when 2,000 cups were suddenly brewed, the lights of the camp dimmed alarmingly since the public supply of electricity in any case was feeble. The Japanese were mystified by this dimming of the lights every night at about 10pm," van der Post remembered.

After the war Phillips rarely spoke of his imprisonment. It left him with a chronic smoking habit and lost him his sense of taste. Some colleagues also attributed his heartfelt distaste for controversy to his wartime experiences. This may explain why he rarely participated in the fierce arguments stirred up by his later controversial work on the relationship between inflation and unemployment.

Phillips finally returned to England in 1946, registering at

the LSE for a degree majoring in sociology but including some compulsory economics. He was fascinated by the Keynesian view of the economy as a circular flow of income from workers to employers and back again, from which money leaked out as savings and imports and the domestic and overseas economies. Money was tight, so they used whatever materials were to hand. Windscreen wiper motors from a Lancaster bomber were incorporated to pump the liquid around the machine. They also experimented with treacle and methylated spirits as alternatives to water, although not the Mouton Cadet which was tried on one occasion in the 1980s.

James Meade, then professor of commerce and later a Nobel

prizewinner, pressed him to finish the machine. Partly to get Phillips out of his office, Meade promised he could demonstrate it at a seminar chaired by Lionel Robbins. The machine dominated common room gossip for weeks beforehand.

The seminar was a great success. One lecturer recalled the reaction of Friedrich Hayek, another subsequent Nobel laureate: "I remember Fritz smoking his curly pipe and looking decidedly sceptical as the machine was operated. He maintained a quizzical expression of considerable scepticism for some time, then suddenly began to shake with internal laughter. At last, it had made

Continued on Page II

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NEXT WEEK
Fear of flying: the modern phobia

Joe Rogaly

The Lion studies its navel

A conference to show that Britain is great, showed only its insecurity

When you start counting your blessings, you know you are in trouble. If you insist that things are not as bad as you thought, you are confessing that something is wrong. Those who cry "fish" and "fish" to pessimism are crying for help. These ancient sayings, which I have just invented or re-incarnated, swam around in my head as I sat in on bits of the "Britain in the World" conference in London on Wednesday. The British are in better shape than in their blackest moods, they tell themselves, they are. Alas, that is not the problem.

The root of the matter is psychological. The politicians, the intellectuals, the thinking sort of Europe's perturbed offshore islands are rarely of the counsellor's couch. The question is not how major or minor or medium-sized a "power" the United Kingdom is. The conundrum is why, when things are going so well for so many of us, our leaders need be prostrate, babbling about the nation's erstwhile glory, spluttering about its residual sphere of influence.

Germany? Puh! We British have one overwhelming advantage over them. We understand angst. Anxiety is our middle name, self-doubt our constant companion. We live in Great Britain. British

we are. Great we are not. Not any more, not in the old way. Yes, that is a tear flowing down Britannia's cheek. Surely, if we make a list, a tabulation of our strengths, we shall feel better. Here is a handkerchief. Dab those eyes. Britain's economy is the sixth largest on earth. Never mind the shadow of the forthcoming half-century, during which others, in Asia and perhaps southern Europe, look set to pass us by. Sixth, sixth out of around 200. Think of that!

Chin up. The United Kingdom possesses nuclear weapons, and the means to deploy them. It makes it a sort of member of a sort of club. Yes, yes, this is not so relevant to global politics as it was before 1989. It is still a possible deterrent against attack by mad dictators. That is why Israel does not deny its possession of the bomb. Britain is larger, richer, greater, than Israel. We can be sure of that.

Fingers trembling, work through just a few more of the worry-heads. Britain is a permanent member of the security council. That, too, matters less than it seemed to during the cold war. The UN is not what it was. Its governing council is certain to be enlarged. During the next decade or so the UK flag may be nudged off the edge of the circular table. Never mind, it is there now, and Britain

can influence the deployment of troops, many of them its own, in former Yugoslavia. To what end is not absolutely clear, but it is an "asset" to tick off.

There are others. One is the UK's huge investment abroad, paying dividends in the form of invisible earnings; another the prestige and financial creativity of the City of London; a third the resurgence of

return. Like Michael Portillo, I am of immigrant stock. The secretary for employment is strongly nationalist. I am deeply appreciative of the atmosphere of freedom, the gentle liberalism that still characterises most of British society - but yet a critic. Mr Portillo's patriotism is assertive; I believe that Britain's worst enemy is self-delusion.

The Prince of Wales, also the son of an immigrant, complains of widespread cynicism about many aspects of national life. He might have done better to consider in finer detail whether, here and there, there is an honest fault or two to be found.

For, as with all psychoanalysis, the malady lies in the mind. Britain's failure to behave as a wholehearted and leading member of the European Union is not explicable by conventional political or economic analysis. Those disciplines suggest that there is nothing to be afraid of, that the EU will never become a superstate. It is a colloquy of nations. Why then does Britain hover at the door, half-in, half-out? It is a matter of self-confidence, inner security, national harmony. Countries that cannot take sharp internal criticism are ill at ease, riven, as we British are over our quavering sense of our national self.

Wait. This is not entirely

correct, I am delighted to say. We know we speak a global language. Some of us even think we own it. It is a permissible fancy. The truth is that English belongs to the world, not England.

Some of its most outstanding novels are signed by names such as Conrad, James, Nabokov, Naipul. One speaker suggested on Wednesday that English is taught in nearly every secondary school on the planet. If so, that is merely the measure of the number of dialects it is spawning. The most frequently-cited example of the wonder of English is in computer conversations; those are actually conducted in Californian.

In sum, the British must learn to cool it, hang loose, find their spiritual centre, accept their karma. This year England will celebrate the 50th anniversary of the glory of 1945. That is half a century away from its finest hours; perhaps a century beyond the apogee of Britain's industrial and imperial might.

Those are noble memories, to be savoured. They should not be allowed to disturb the present. Once the moment has passed the images should be put away, with the albums. There is no room for vainglorious bombast. It is time to look to ordinary day-to-day life as a prominent European country of the 21st century.

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PERSPECTIVES

The Nature of Things

Insect lessons for programmers

Andrew Derrington explains why BT is on an ant trail

The ant has always been regarded as a model worker. Indeed it has just received a boost to its reputation as a sophisticated engineer. And computer scientists at British Telecom's Martlesham research laboratories think that imitating ants may be the best way to run the increasingly complex telephone switching centres of the future. The latest example of the ant's engineering prowess comes from the discovery by scientists at the University of Wurzburg that leaf-cutter ants use a biological version of the vibratome - a sophisticated laboratory instrument for cutting soft tissue.

The vibratome uses a rapidly oscillating blade to slice soft tissues (such as those of the brain) into ultra-thin slices that can be examined under a microscope. Older instruments require the blade, which is about the same consistency as hancemange, to be frozen solid, or embedded in wax, before it can be cut without tearing.

The ant uses exactly the same technique. It makes a chirping sound, vibrating its mandible about 1,000 times a second as it cuts. The vibrating mandible cuts the leaves more smoothly, and had been doing so for millions of years before engineers thought of the trick. BT's expectations of the ant owe nothing to its engineering skill. Indeed it is rather the reverse. Computer scientists see the ant as a stupid insect that accomplishes complex tasks by following very simple rules. When each of the thousands of ants in a colony follows the rules, the colony as a whole behaves in a co-ordinated way without any central control.

For example, the apparently highly organised behaviour of ants searching for food and forming supply chains to bring it back to the nest can be explained by four rules.

- (1) Wander about looking for food.
- (2) If you find food take some home, marking a trail as you go.
- (3) If you find a trail and you have no food follow the trail to the food.
- (4) When you get home, put the food down and go back to the trail.

These rules ensure that all the ants are either scouring the countryside for food, or on a trail bringing the food back to the nest. They do not have to be clever, or to be told what to do, they just follow the rules.

Computer scientists see the ant as a stupid insect accomplishing complex tasks by following simple rules

Not only is there no central controller, there are no specialists on whom the task depends. All the information needed to co-ordinate the task is stored on the ground in the scent trails left by the ants. If an ant dies others will take its place and the task will continue.

Researchers at BT are very excited about the way the ant works because, like other telephone companies around the world, they face a task of staggering complexity in controlling the switches that send telephone calls along the paths through a network.

The control of the switches is centralised, but the task is enormous. BT's £26bn network is controlled by computer programs millions of lines long, and fine-tuned by human operators. It is impossible to be sure that a programme of that

size contains no errors. According to Simon Steward of BT "such big programs are maintenance nightmares".

The nightmare came true for the US phone company AT&T in 1990. A supposedly routine upgrade to its switching software contained a serious error that disconnected tens of millions of subscribers in what is reputed to be the worst telephone network failure ever.

Steward is convinced that the problem, which will get worse as demand for the increasing range of services available over phone lines increases, is too big to solve centrally. "No one person can understand a program of the size required."

Instead Steward and his colleagues are designing programs called "mobile software agents" that work like ants. These wander randomly from node to node in the network, performing simple adjustments to the switches at each node, and leaving a trail to be read by other agents. Higher level agents, like queen ants, make new workers to replace the ones that malfunction.

Steward's system works well on a simulated telephone network. The number of agents increases to cope with heavy use and they successfully switch traffic away from overloaded nodes. Moreover, "the agents are so simple that they are easy to build and to modify", unlike the multi-million-line programs needed for centralised control.

Unfortunately, as Steward concedes, until mobile agents can be tested on a full-scale network we cannot be sure whether they will manage it. After all, the practice of copying from biology gives no guarantee of success. If it had been followed in the car and aeronautical industry, would we have cars with legs and aircraft with flapping wings?

The author is professor of psychology at the University of Nottingham.

Tim Richards was taking photographs from the roof of a seven-storey Westminster office block when he saw his car being clamped in the street below. He could have tried to rush down and interrupt proceedings but he decided against. "It would probably have made no difference, so I uttered a few unrepeatable words and carried on with my work," said Richards, 39.

Richards is a modeller. He recreates some of the world's finest buildings in plaster and his attention to detail is such that he might take up to 70 photographs of the building he is working on before he begins modelling.

In Westminster the focus of his attention was the London Transport headquarters at 55 Broadway - a 1930s classic. He had gained a commission to make a model and 70 castings. In spite of the car clamping, the commission went well.

Richards is not always as successful with his models. Two years ago he allowed himself to be persuaded, against his better judgment, to model the interior of a 1920s house called Home Sweet Home. He disliked the result so much he was unwilling to try to sell it. Unfortunately the client did not like it either. It was not a profitable commission. "Fortunately the job was a rare failure," he said. "It taught me to be more firm with customers - to direct them, or at least guide them, far more. After seven years in the business, I hope I have the confidence to do that."

In the early days, Richards says he suffered from a lack of confidence. This, combined with a fire in 1993 in his previous headquarters which caused losses of £5,000, meant that Richards' company, Architectural Fine Art Commissions, only went into profit for the first time last year. Only in the past two years has Richards been able to draw more than £10,000 a year to support himself and his family.

"However in the last 12 months turnover has jumped from £35,000 to just over £100,000 and the projection is that it will rise to £140,000 by the end of this financial year," Richards said. "At last I am beginning to see success coming through in the figures."

The business works in the following way. A potential client - usually someone who has



Ends in themselves: Tim Richards with two bookends made from one of his architectural models

Minding Your Own Business / Clive Fewins

The patient modeller

seen one of Richards' models and been impressed with the finish and the fine detail will approach Richards and negotiate for an original and a numbered series of "run ons" that either the client or Richards himself will then try to sell. The sum changing hands might be as much as £5,000 but rarely exceeds half that figure. "Most clients prefer to pay as little as possible up front then pay later for additional castings," said Richards, who went to art college, taught and then became a pottery manager before being made redundant in 1987.

This arrangement suits him quite well, as the main effort goes into creating the model from which any number of models might eventually be cast. The most labour-intensive and skilful process leading up to this is making the original model, in plastic, lead and turned aluminium. Richards does this entirely himself and it can take hundreds of hours. Hence all the photographs.

After the first successful model has been cast, finished and coloured it becomes the property of the client, but Richards keeps the silicon rubber mould and the right to take details from the original from which to design plaster book ends that might emphasise a doorway, a pediment or some other architectural detail of the original. Richards then remodels these and his three staff manufacture them.

The number of models cast and who sells them - Richards or the client - are items for negotiation. "Usually we only cast a handful to get the colour right, then do the detailed negotiations," Richards said.

His first love is modelling complete buildings, but Richards describes the book ends they constitute 80 per cent of sales - as his "bread and butter".

"It was not until I got the colouring and the weight of these right 15 months ago that I felt the business had a future," he said. Usually the

book ends are sold individually, boxed and with a leaflet containing details of the origins and history of the building. They sell for between £30 and £70.

"The book ends make attractive upmarket gifts for people interested in architecture, while the large models might be commissioned by companies, galleries, or exhibition designers, or even celebrities," Richards said.

Richards says it is the sort of business in which a long and arduous start-up will pay off in the end. "The lead-time from the approach to the eventual commission can often be as long as four years," he said. "It has been a case of putting a lot of faith up front, and sticking to meticulous standards of modelling and casting."

Richards is about to embark on his biggest commission so far. It is worth £5,500 and involves making a model of one of this country's finest and most details buildings in the classical style - Vanbrugh's

Temple of the Four Winds at Castle Howard in Yorkshire. The commission is for the original and a limited edition run of around 100 of the models. Book ends will follow.

"It is very exciting that there is a great widening of interest in the detailing and the means of construction of some of our finest buildings," he said.

Things are still tough. He has three staff to pay and the £400-a-month rent for the 3,000 sq ft unit on an industrial estate on the outskirts of Bristol to which he moved in February.

"I still have an awful lot to learn. But then I have a feeling things are coming good. Turnover is increasing dramatically, profits are rising and we made sales worth £40,000 in the US last year. I am not beholden to the bank and I have virtually no liabilities. Watch this space..."

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Continued from Page 1

an impression on the great man."

And the machine immediately resolved one theoretical controversy - whether interest rates moved to equalise savings and investment or the demand for and supply of money. It showed that both were equivalent in equilibrium. "Keynes and Dennis Robertson never have argued if they had had the Phillips machine before them," said Robbins.

Later, it was demonstrated to the formidable Sir Otto Niemeyer, a director of the Bank of England. According to Meade: "A rusty old tank represented the inexhaustible power of the central bank to pump money into or out of the

system. It was necessary to confess to Sir Otto that on at least one occasion the central bank instead of injecting a controlled inflation into the economy had ejected an uncontrollable inflation on to the floor of the lecture room."

One was blamed the unscheduled emissions on the black market. Some professors wanted to offer Phillips an assistant lectureship on the strength of the seminar alone, but earlier criticism of the sociology department for appointing people with weak academic records rebounded on them. It took an article in *Economica* describing the machine and how engineering control techniques could be applied to economics to do the trick. Robbins said it put him "on the international map as

an economist of profound grasp and originality".

Phillips fulfilled that description and won his professorship with a 1958 *Economica* article demonstrating a long-standing inverse relationship in Britain between the rate of unemployment and wage inflation. This was the famous "Phillips curve". The "monetarist" and "new classical" revolutions which have preoccupied economics since then have both, in essence, been reactions to this work.

Twenty years after its inventor died, the Phillips curve remains in every economist's professional vocabulary. It has undoubtedly secured Bill Phillips' place in the dismal science's hall of fame. But the restoration of the "pink lemon-

ade national income machine" should further enhance his reputation. The Science Museum is now trying to find £30,000 to build a fully operational replica of what may be the only truly tangible achievement in the history of economics.

Many economists today spend their time trying to understand and predict events by constructing computerised models which are essentially electronic versions of what Phillips built in his friend's garage. In Britain the setting of interest rates now rests in large part on such a model, which predicts how shocks and changes in policy trickle through the economic system.

So perhaps the Bank of England should find the £30,000?

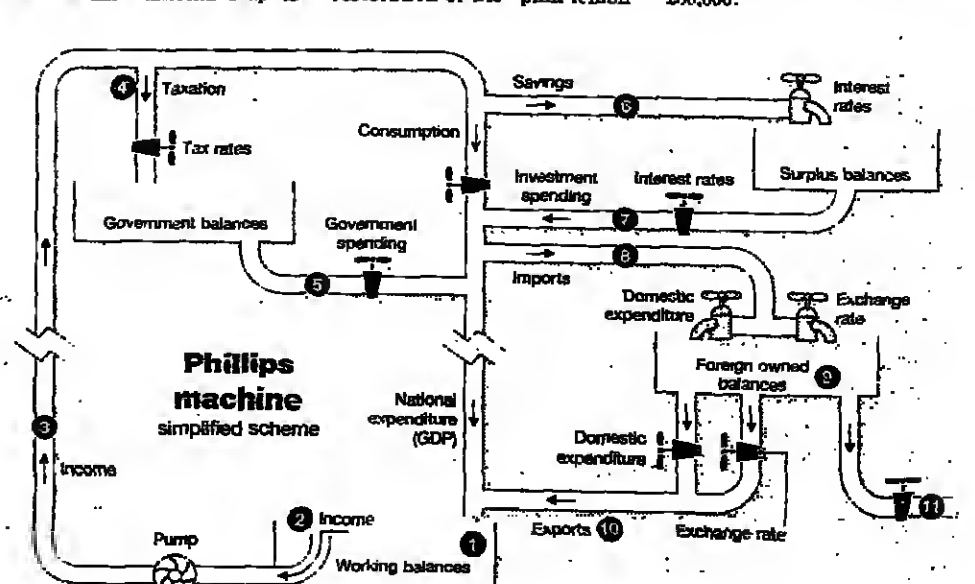
The flow of money

The basic principle underlying the Phillips machine is simple: water circulates around its maze of tubes and tanks in the same way that money circulates around the economy.

The process begins in the big tank at the bottom (1). This holds the total amount of money available for transactions. The fuller the tank, the greater the amount of money that flows into the neighbouring chamber (2) as incomes. These are then pumped (3) to the top of the machine.

As the incomes begin to cascade down the machine's central chamber, a proportion is siphoned off as taxes (4). Some of the revenue then re-enters the main flow lower down the machine as government spending (5).

Meanwhile, some people choose to save some of their post-tax incomes (6). These savings flow into a tank holding idle or surplus balances. Some of these idle balances are used to finance spending on investment, which re-enters



the main flow later (7).

The larger the stock of funds available for investment (ie the fuller the tank), the lower the interest rate and the greater the flow into investment. Interest rates can be held constant by siphoning some of the idle balances into a spare tank at the back of the machine.

The main flow now represents domestic spending, some of which is devoted to imports (8). These build up foreigners' holdings of sterling in another tank (9), depressing the value of the pound.

The fuller the tank - and therefore the lower the exchange rate - the greater the flow out of the pipe at the bottom which represents exports (10). Like interest rates, the exchange rate can be held fixed by diverting foreign-held sterling into the tank at the back (11).

The main flow now represents total national expenditure, which by definition equals total national income. It falls back into the tank at the bottom (1) and tops up the transaction balances.

The various relationships

simulated by the machine can be modified by inserting pieces of perspex at strategic points. The resulting flows of water move pens which trace on to paper their impact on key variables.

The machine was found to emulate most theoretical models with an error of less than 2 per cent.

Its main deficiencies to modern eyes are the lack of a link between exchange rates and the interest rate and the absence of a role for people's expectations in determining how the economy behaves.

The island that saved Japan's emperor

Okinawa remains scarred, 50 years after the first US attack, writes Gerard Baker

At the southern tip of Okinawa Island, above windswept cliffs that tumble picturesquely into the Pacific, air-conditioned buses decant sightseers in front of a rocky outcrop. There, tourists from the Japanese mainland line up for their glimpses of one of the more poignant of war memorials.

In a grove, almost hidden by souvenir shops and food stalls, stands a slab of local marble inscribed with a memorial to the Himeyuri, the brigade of "princess lily flowers". The monument and the little museum next door movingly document the last days of the princess lilies. They recount how, in the

ceaseless denouement of the second world war, schoolgirls from southern Okinawa were conscripted by the Japanese army into a nursing corps, the Himeyuri, tending the wounded and burying the dead as a battle raged around them. When defeat was obvious, the Japanese commanders disbanded the unit but the nurses were ordered not to surrender to the barbarian hordes of American soldiers, who they were told, would rape and murder them if they were taken alive. Terrified, the girls, none older than 19, fled into the caves of southern Okinawa. There, more than 250 of them met their deaths - some blowing themselves to pieces with hand grenades, others blasted out by US marines who mistook them for soldiers.

The memorial is a reminder of the horror of what proved to be the last great battle of the second world war. It began 50 years ago today and claimed the lives of more than 200,000 US and 100,000 Japanese military. In the next few months a series of 50th anniversary commemo-

orations will take place in the spirit of reconciliation between former enemies that marks these events. But for the Okinawan people the anniversary and the monuments represent much more. The dedication to the Himeyuri stands as a silent, eloquent reproach to the Japanese nation, which cynically used the islanders, supposedly their own compatriots, as a convenient shield in the ferocious Battle of Okinawa.

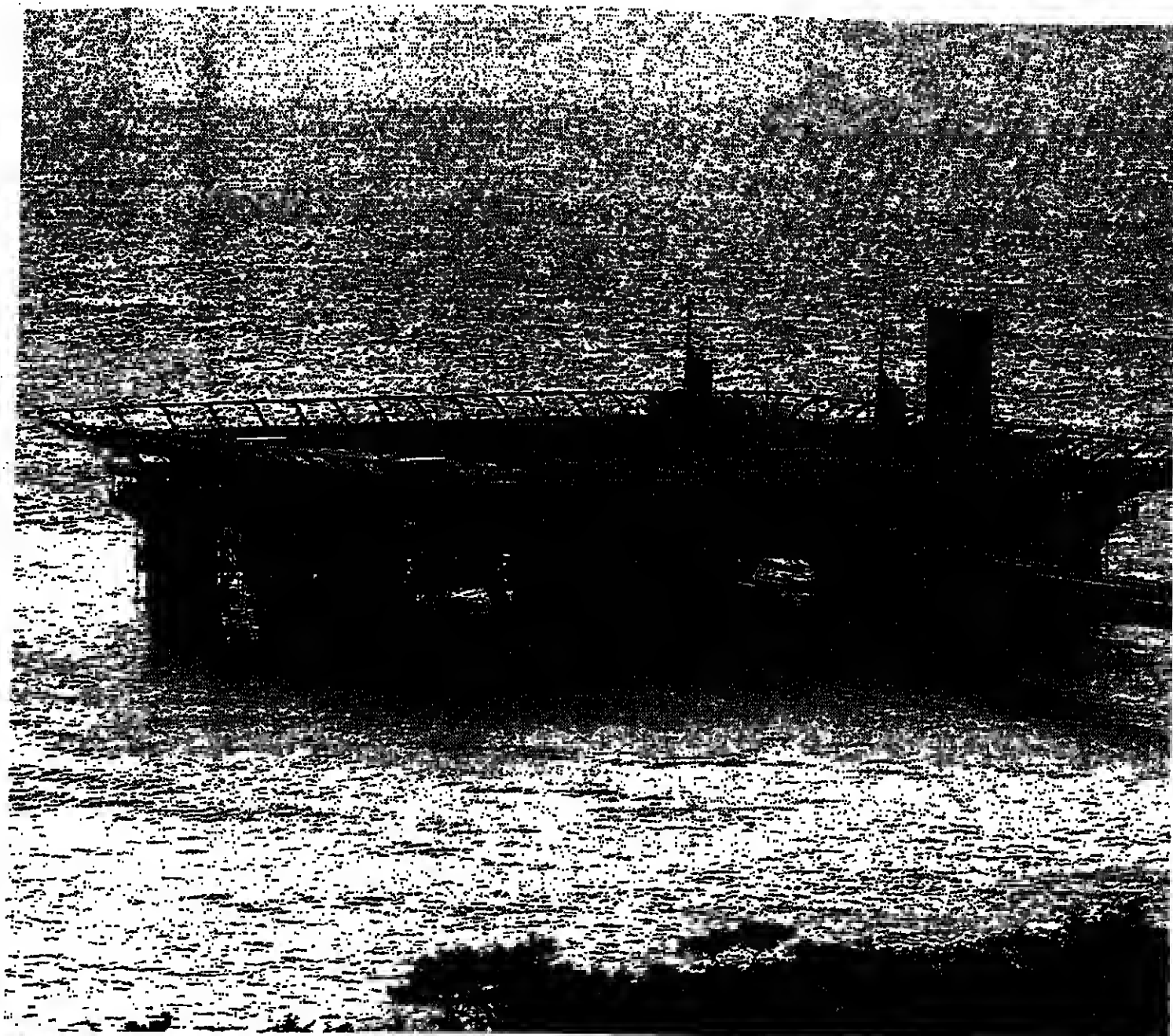
That battle cost the island more than 100,000 of its own people - a third of the entire population - sacrificed to preserve the "motherland" that cared little for them.

Before 1945, few Japanese knew much about Okinawa. The largest of the sub-tropical Ryukyu Islands, 500 miles off the southern tip of Japan, Okinawa had been an independent kingdom for centuries. But in 1879, the islands were annexed by a newly confident Japan, which abolished the ancient monarchy.

The military government that took power in Tokyo in the 1930s was the first, however, to spot the strategic significance of Okinawa, midway between the home islands and the expanding outposts of the East Asian Japanese empire. All traces of Okinawan culture were systematically eradicated. According to Zenshun Arahaki, a member of the Okinawan legislature, "local people were regularly executed for speaking in local dialects rather than Japanese". The islanders were taught of the glory of dying for "their" emperor.

With the war came a new urgency and, as the tide turned against the Japanese in 1944, the defence of the island was prepared. Japanese soldiers began pouring in and Okinawan males from 12 to 70 were hastily conscripted.

One of those called up was a 19-



Fifty years after the Americans first came to Okinawa, the US still has 40,000 servicemen stationed on the island

year-old schoolboy, Masahide Ota. Ota remembers that the defence strategy was never intended to protect Okinawa itself. The island was used to entrap the American forces and inflict massive losses on them. The real point was to protect what mattered most - Japan's main islands.

"The leaders in Tokyo never thought seriously of defending Okinawa. Their aim was to keep the Americans here as long as possible - at whatever cost to the people on the island," says Ota.

The imperial headquarters showed little interest in supplying the island with a full naval and air

defence, according to Masahide Ishihara, a historian at the University of Okinawa. Instead, the island and its half a million citizens were treated "like a sacrifice stone in the Japanese game of Go," says Ishihara, "a stone that is given up to protect other stones occupying a more valuable space".

For the US, the capture of Okinawa was essential to the larger goal of invading the main islands of Japan. It would serve as a vital base for the assault that was expected to take place later in the year.

The invasion began deceptively quietly on April 1, Easter Sunday. The US forces, expecting the same

sort of ferocious defence they had overcome at Iwo Jima a month earlier, were surprised at how easily they were able to take control of the central part of the island. After a week they had met such little resistance that one officer urgently cabled his superiors: "Please send us a dead Jap. Our men have not seen any. We will bury the corpse for you."

They did not have to wait long. The bulk of the Japanese military and Okinawans had been moved to the south of the island, secreted in foxholes and caves. From these heavily defended positions they began to inflict severe casualties on

the Americans.

For two months, the American forces advanced slowly through the scorched earth of Okinawa, gradually pushing the Japanese south.

The Japanese, though suffering heavy losses, continued to keep their enemy pinned on the island. Despite the losses and the certainty of ultimate defeat, they fought on, instructing the Okinawans under their command to do the same and retreating to defensive positions at the southernmost tip of the island.

The battle ended on June 26 with the ceremonial suicide of the leading Japanese officers. They expected their Okinawan "brothers" to do

the same. Many, like the Himeyuri nurses, dutifully obeyed.

Before he died at his own sword, the Japanese commander, Lt-Gen Mitsuru Ushijima, spoke of the Japanese triumph. In his final order, he wrote: "It is a matter for congratulation that the 32nd Army has been able to carry out its mission successfully. Our days are now numbered, and all surviving units must fight to the last man."

Gen Ushijima's verdict was reflected by the US decision to abandon its plans to invade the main islands, concerned not to repeat many times over the experience of Okinawa. Its commanders chose instead to use atomic weapons, and so end the war quickly.

But the grisly sacrifice of Okinawa, according to Ishihara, did succeed in one crucial respect: "One of the main aims of the Japanese was to prevent the invasion of Japan, and thereby to preserve intact the emperor system. Japan still has its emperor," he observes bitterly.

Today, the legacy of the bloodiest battle of the Pacific war is evident all over the island. It is not just in the dozens of war memorials visited by reflective Japanese and foreigners, but in the continuing and more conspicuous presence of 40,000 US servicemen. The Americans stayed on after the war, occupying Okinawa until 1972, when it was handed back to the Japanese government. But their soldiers, marines and airmen are there still and they have used it as a forward base for the conduct of successive US operations in Asia, from Korea to Vietnam.

Masahide Ota is also still there - he is now governor of the Japanese prefecture of Okinawa. His main preoccupation these days is the removal of some of that firepower from his shores. "Our past and our present are tragically united by military objectives," he says.

This is a bitter legacy for the islanders. Despite the end of the cold war, the Americans remain in force.

The Okinawans do not really blame the Americans. Their real ire is saved for the Japanese government. The US troops are there, despite Okinawan protests, as part of successive US-Japan security treaties. Most islanders believe they remain on Okinawa - 70 per cent of the total US firepower stationed in Japan is on the island - because it suits the Japanese government to have them there rather than on the main islands.

"In the war we were a convenient tool for the Japanese government," says Arahaki. "It hasn't changed. We are still that tool, still no more than a useful weapon in a bigger strategic game."

Paul Cheeseright watched benignly as the supporters trickled into the Halls End of Villa Park. Another game of football. Not that he minded. He has been policing Aston Villa matches at Villa Park since 1968.

"I enjoy it. I'm a Villa fan. When I get posted to the Blues [Birmingham City], it's another matter." He laughed at his expression of tribal loyalties in Birmingham. "I was born half a mile from this ground."

Had the two clubs been playing each other, the match would have been at the top of the West Midlands Police trouble-making category. The police split matches into three: A, B and C. A is likely to be no trouble. B has potential for trouble or is likely to be very crowded. Villa's match, that day, against West Ham, was in category B.

"Twenty years ago they were known as the Inter City Firm," said Scragg of a notorious group of hooligans among West Ham fans. But, for him, Villa Park was a peaceful place. "I can't remember the last time there was trouble in the ground."

His assumption of a peaceful afternoon had been shared by Superintendent Roger Conway. He was the police's match commander and when, nearly two hours before the kick-off, he briefed the 44 constables posted to the inside of the ground he told them that: "West Ham fans used to have a reputation for trouble but in recent years they've calmed down considerably."

As for Villa fans: "Their behaviour of late has been good and we don't expect any particular problems." The briefing was relaxed in atmosphere but slightly formal; most of the constables would have heard 70 per cent of it before. Conway ran through the number of fans expected, screened pictures of a rogues' gallery of men not allowed into football grounds, repeated the emergency procedures, sketched in the positioning of the police officers and offered them a reminder.

"Ninety-nine per cent of those coming here today are just here to watch a game of football. Treat them as you'd want your relatives treated."



Police are exhorted to treat fans as you'd want your relatives treated

A game of three categories

Paul Cheeseright explains how police monitor football

Along one side of the cell is a concrete bench, more uncomfortable than the plastic seats in the stands.

Villa Park these days is an all-seater stadium. For the police that is a mixed blessing. "It does hinder the ability of the yobs to move around the ground," said Inspector Boyd Kelly, who co-ordinates football policing in Birmingham's D Division. "It also hinders us, for that matter."

From the police point of view, the idea is to keep the yobs out of the ground, or failing that, to keep an eye on them. Football intelligence is now developed enough for the police to know the potential troublemakers.

After the briefing, Conway climbed into the control room which is perched high in the stands. Here police and club officials sit side by side. Conway flanked by his radio controller. The club has 180 stewards who act as the first line of control. A bank of eight camera monitors shows what is happening in and around the ground. The cameras have zoom lenses which can pick out people as if they are 12ft away.

By the time the game started

nearly 29,000 people were in the ground. "The major problems these days are in the crowd management rather than public safety aspects," said Conway, a classics graduate with a crew-cut and not the slightest interest in football as a game.

West Ham scored after 11 minutes. The radio traffic started. "Bronze Two, there's been a punch-up in your corner." "Yellow Two, can you get over to the Trinity Road enclosure where it meets the Holts?"

Five West Ham fans, Kelly explained, "managed to buy tickets on the Villa side and that's always a problem. They tend to be very territorial".

Scragg, who apart from being six inches shorter, gives off the same aura of avuncular common-sense characteristic of the fictional Dixon of Dock Green 40 years ago, sorted it out. He calmed down the West Ham fans and had them ejected from the ground. "He talked them out, which is what you'd expect from a man of his experience," said Kelly.

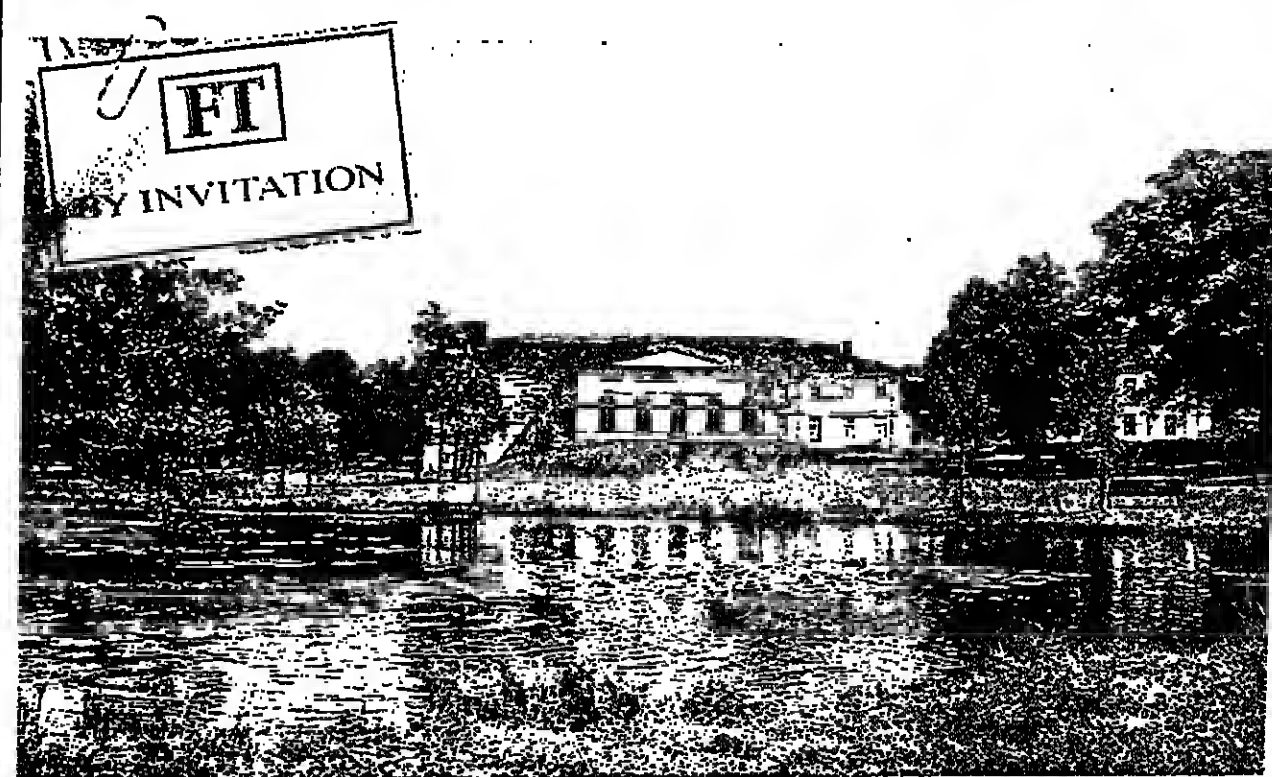
"We seek to resolve these incidents quickly, damp them down before they get out of hand. It's a bit like a forest fire," explains Conway. "It

takes time for the fans to get settled. Then it calms down, depending on what happens on the pitch, until towards the end of the game."

In fact, it was events elsewhere that proved more important. Though three detachments of police - each a sergeant and seven constables - had been immediately outside the ground, two of them were called into Birmingham city centre because of a bomb scare. "There's not a lot of help immediately available to us now," Conway pointed out.

As it turned out, he didn't need it. The day's arrests totalled 10: eight were drunks trying to enter the ground, two were for disturbing the peace. A noisy afternoon in the cells: "They were a bit vocal, no sense of humour today."

Outside the ground, the fans dispersed, some from West Ham chortling and chanting at an unexpected victory, the majority of Aston Villa supporters quiet and resigned. "The singers and shouters are not the ones who cause the problems. The real hard core of troublemakers stand on the periphery and try not to draw attention to themselves," Kelly explained.



The Drottningholm Opera Festival with the Financial Times

Thursday 1st June - Sunday 4th June

Following a series of FT Invitations to acclaimed European opera festivals, the Financial Times has reserved seats for Purcell's *Dido and Aeneas* on 3rd June at this year's Drottningholm Festival. Opera performances in the Court Theatre, built in 1776 by King Gustav III, appear to have changed little from the days when Drottningholm was first conceived as Sweden's answer to Versailles.

Also included in our programme is the popular double-bill, *Cavalleria Rusticana* i *Pagliacci*, which will be performed at The Stockholm Opera House on the previous evening.

We have arranged with SAS to fly FT readers from London Heathrow to Stockholm on Thursday, 1st June on a choice of flights: departing either at 09.20 or at 13.45. Transfers have been arranged to the first class Lady Hamilton Hotel, where we have suggested a three night stay. However, dates, times and departure airport can all be tailored to suit your needs.

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FASHION

Which way next, after fashion's three-way split?

Paris will soon give up its recent extremes in favour of wearable clothes, says Avril Groom

If the more extreme designers have their way, something strange could soon happen to the female figure. Their preferred silhouette for autumn, as revealed at the recent international collections, is so unrecognisable that, after a final burst of curves next autumn, the scene will be set for a new direction.

Vivienne Westwood, in particular, has promoted distortions of the womanly outline — first, height-exaggerating platform shoes and then a bustle giving the illusion of enormously rounded hips. These shock tactics jolted other designers' minds away from shapeless waifs and back to feminine elegance, recalling the 1960s.

In came retro features: a broader, sharply-defined shoulderline, tapered skirts and tiny waists emphasised by padded hips, expressed most eloquently in John Galiano's couture-inspired spring 1995 collection. For next autumn other designers, notably Thierry Mugler and Claude Moutana, who together invented the power shoulder at the start of the 1980s, have redrawn this extreme silhouette even more aggressively. And Westwood has, with simple logic, balanced the bustle with a vast, cantilevered and padded bosom.

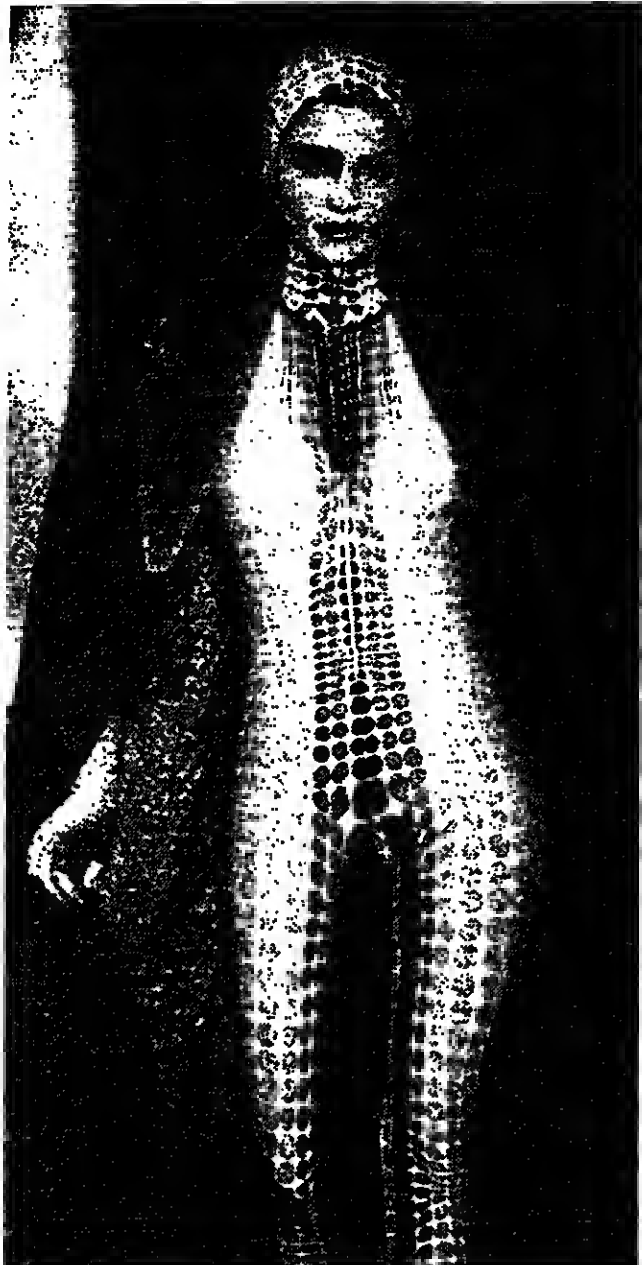
In so doing, she has thrown the evolutionary process of fashion into relief as rarely before. Designers' ideas and, therefore, trends are not conjured from thin air. They are the results of common experiences and influences, both creative and commercial.

Each season one or two people catch and define this Zeitgeist better than any others and thus set the fashion tone. Those who do it consistently become the "great" designers.

The weight of ideas from all the shows in four fashion capitals each season is confusing, especially to the consumer. Yet the pattern for next autumn and beyond emerges with unprecedented clarity. Fashion is at one of its periodic crossroads. Because it is so extreme, the "artificial woman" look is at the end of one avenue of design thought. The caricaturing of the female form can go no further. Fashion must evolve beyond it. This look thus contains the seeds of its own downfall, and already the next — diametrically opposite — shape is being developed in Paris.

Ideas from designers at the extreme edge of this overly-curve style — Westwood, Galiano, Mugler — will directly affect only the rarefied few who buy from them. But their influence will undoubtedly make the commercial fashion world tick next season. It works in two ways.

The more obvious, and saleable, is the 1960s-influenced style which will reach its apogee for autumn. With adverse European trading conditions reminding designers that sales figures are at least as important as new ideas, these are the now-familiar shapes that will guarantee commercial success.



■ TODAY'S CYBERPUNKS: Jean Paul Gaultier's futuristic comic strip

The main elements are the suit (which retains its high-rise shoulders and wasp waist from young designers such as Pearce Flood and Hussein Chalayan, becoming merely square-shouldered and somewhat hourglass at Karl Lagerfeld and Yves Saint Laurent), the knee-length coat (either voluptuously swing-backed or demurely princess-like) and the grand evening gown, usually a column of duchesse satin or velvet suspended from a corset top cut to curve over bust and hips.

Favoured fabrics include fake fur (used most lavishly by Dior and for coats everywhere), black leather (most effective at Ann Demeulemeester and Chanel), satin, plastic and bright tweed. Three seasons after Westwood's first bustles, they have become a prominent



■ FUTURE WEARABILITY: The future according to Comme des Garçons, Chanel and John Galiano, who all showed unfitted shapes that are the antithesis of the current exaggerated hourglass style



Rifat Ozbek joined the vanguard for cartoon fantasy styles



Christian Lacroix's silky parka is evening wear for the urban skier

looking versions of suits, short coats and skinny knits in fresh-looking pinks and lavenders, while Ann Demeulemeester's characteristically back-fastened, shapely tunic in leather or suede is one of autumn's most interesting and wearable new shapes.

Not all designers look backwards. The other face of the artificial woman is a futuristic cyberpunk. This incarnation of every cartoonist's fantasy female fighter from Barbarella to Catwoman, grafts the extreme hourglass shape on to Chanel's fake fur and PVC-clad urban skier of a year ago. The scope for padded shoulders, metal breastplates and skin-tight PVC is exploited to the full by Mugler, Rifat Ozbek and Jean Paul Gaultier.

Yet this, too, has its commercial counterpart in Montana's faultlessly-seamed — pastel, waisted parka with matching catsuit. In Martine Sitbon's shimmering anorak with panna velvet and, in an imaginative leap, in Christian Lacroix's silky evening parka over glittering lace knit.

Gaultier, whose unerring commercial instincts have to be unearthed from a welter of showbiz-style distractions, showed bruise-eyed Gothic horrors to a set like an industrial wasteland and yet uniquely managed to merge the season's two main themes with computer-graphic catsuits worn under saleable and sensible retro-tailored suits and coats.

The season's evolution follows the hourglass to its vanishing point. What comes next will be a *volte face* and its first stirrings are plain to see, primarily in the hands of Karl Lagerfeld.

His supporters would argue that he is made a great designer by his prescience, his ability to know what women want to wear before they know it themselves, and that this is the latest example. The cynics would say that, as Paris's most prolific designer with three collections each season (Chloé, Lagerfeld and Chanel) he wants to wrest back the design initiative from the likes of Westwood and Galiano.

The truth is probably a mix of both, prompted by Paris's growing dominance in the fashion world. Paris welcomes talented designers — there were more than 50 official catwalk shows and numerous other presentations this season. The result has been a dilution of its home-grown talent, to the discomfort of French pride.

In this year's designer creativity chart compiled by the influential *Journal du Textile* from the votes of an international (but mainly French) panel, Galiano and Westwood are in positions two and three, behind Gaultier. Lagerfeld may be of German origin but his labels are so Parisian that the fashion establishment would be delighted to see him back on top.

His bid for success is the antithesis of the hourglass — an unfitted shape that is, he says, technically even harder to cut elegantly than strict tailoring. At Chanel it is based on the casual wrap of a studio



■ TODAY'S STRONG CURVES: Vivienne Westwood led the fashion for bustles and busts



Feminine retro harking back to the 1950s: Yves Saint Laurent



Flying the kite for glamour: Valentino's womanly forms

assistant's white coat, at Lagerfeld on a sack dress and square-cut jacket and at Chloé on a lumpy, pleat-backed shape which nobody quite understands.

The idea was already a not-very-successful twinkle in the

relaxed as well as sexy. Other designers are already flying the same kite. Valentino's square-cut boleros and pea jackets have their counterparts at Saint Laurent. Comme des Garçons' shrug-on loose tweeds in delicate pastels, and straight, layered silk and lace dresses, have echoes at Chloé. Lacroix's loose, wrapped layers of Japanese-inspired silk prints and velvets might be partnered by fitted tailoring but they have a soft 1920s mood.

Straight styles will not impinge just yet on most buyers or consumers. Lagerfeld himself showed relatively few among the ranks of his more familiar fitted jackets. He will be content to wait. Three years ago, fashion editors unanimously condemned as dowdy his new knee-length skirt, then shown at Chanel with flat lace-ups and ankle-socks. They were right; the style needed glamorous high heels to make it work. But it is precisely this length which most of them now think of as the last word.

Photographs: Niall McInerney

Meet the woman inside the designer dress

Avril Groom goes backstage in Paris to find out what motivates top model and heiress Carla Bruni

It is one hour before lift-off at the Chanel couture show in Paris. Backstage, model Carla Bruni has a tiny sandwich in one hand, a cigarette in the other, no make-up and a coffee is giving her a stiff brush-off with what looks like an instrument of torture. Other girls are sitting around chatting, already made-up and awaiting the final touches but Bruni has just arrived, straight from her last fitting for Christian Lacroix's show.

Normally, she tries to be backstage two hours beforehand, but today's schedule did not allow it. There is no way she can hurry a top couturier who is painstakingly pinning one of his works of art into a perfect fit. After the Chanel show is over, while the backstage crowd is still gawping champagne and telling designer Karl Lagerfeld how formidable the show was, she will be off again, round to the Ritz for a totally different look and the first of Guy Laroche's two evening shows.

The much-reported absence of supermodels such as Naomi Campbell, Linda Evangelista and Kate Moss from this spring's couture shows has focused attention both on the inflated rewards for having the right look at the right time, and on the girls who

might otherwise be eclipsed from the tabloid pages.

Not that Bruni is a second-division player. Her fee for a recent two-day advertising shoot for a British chainstore was \$20,000; she has been the face of big campaigns such as the Givochy perfume Ysis and Bally shoes, and her name has been linked with various male superstars such as Mick Jagger.

What makes her interesting is that, despite a punishing professional schedule, she does not have to work at all. It is easy to understand the ambition of a beautiful girl plucked from a mundane suburban existence to be a covergirl. But here is a woman whose inherited wealth, made in industrial Turin, caused her father to move his family from Italy to Paris when she was five because of a Red Brigade kidnapping threat. So what makes Carla run?

I asked her this question in the stuffy, low-ceilinged room that passes for the backstage facility behind the grand set for Versace's show at the Ritz. To the heat of the make-up lights, she picks her way through a jumble of chairs, lipstick-covered tissues and Nadja Auermann's endless legs to find somewhere to perch for a smoke and a glass of mineral water.



Backstage: Carla Bruni at work. She never looks less than classy

Close to, she has tiny, delicate features and a handsomely short waist (at 5'3" she is short by model standards but totally in proportion), a flawless skin and direct, bright blue eyes. She also has very slender hot shapely legs, which provoke cries of "Ah, Ca-a-a-tia!" from the (male) home crowd when she does shows in Milan. Bruni over looks less than classy, hence her appeal to the chainstore advertising moguls.

She thinks carefully about her motives for hard work, perhaps wanting to avoid the

obvious clichés of vanity and money, which you can't if you take all the party opportunities. She comes from a family in which the work ethic is strong — both parents are musicians, her brother is a graphic artist and her equally good-looking sister, Valeria, is an art film actress currently adorning the Paris billboards. Thus she takes seriously a job that some might see as trivial.

"I love fashion. I like to see the possibilities in even an unpromising outfit. I look carefully at everything I am asked to wear. It's no good sulking if something doesn't suit — I'm being paid to make it look as good as it can." This is another reason for her adoring advertising clientele.

One perk of doing the couture shows is being able to borrow sumptuous outfits for special occasions. But that is not the reason that she and other top models agree to do these shows, for rates much less than the often-quoted \$10,000 (\$6,000). Pay is between \$2,000 and \$4,000 a show which pales beside the \$40,000 a supermodel might earn on a day's top advertising shoot. It also includes the hours of preparation work standing still being fitted in the traditional manner, the rehearsals, the waiting around in unglamorous backrooms

and one or two strenuous shows.

The real pay-off is the worldwide coverage of Bruni in the most glorious clothes fashion produces, and the effect of these pictures on advertisers seeking a face for their latest lucrative campaign.

After the show is over, she is insistent on having another life away from fashion. She has wide artistic interests; her current boyfriend, despite his long-haired good looks, is an *homme sérieux*, a successful French lawyer. Her outlook should stand her in good stead in the future.

At 26 and with only the merest suspicion of laughter lines round her eyes, Bruni's career is far from over but she is well aware of sell-by dates.

"As with men, I would rather leave than be left," she says. "When the bookings start to slow up I will stop."

She has not planned what comes next but has wisely avoided following some other so-called superstar models into half-baked attempts at acting, singing or writing. She says she is out ambitious and is keen to have a family, looking forward to responsibilities modelling lacks. "It is too easy for us," she says. "If a picture looks bad, people blame the designer or the photographer, but rarely the model."



The real Bruni: thinking about life off the catwalk

Bert Groom

HOW TO SPEND IT



The fun and pizzazz of Lacroix.

Lacroix: the whole works

Lucia van der Post enthuses on behalf of ladies who lunch

Next Tuesday will be a big day for Bond Street, London, and a very big day for ladies who lunch and those who love fashion in its most gloriously flamboyant and colourful form. For that is the day that four floors of a Georgian House at 29 Old Bond Street will carry the complete Christian Lacroix range.

There has been a small shop on Sloane Street for some time but 29 Old Bond Street is an 'outlet of an entirely different order. Apart from the excitement of having almost the complete range of Lacroix's special brand of theatrical clothing and accessories available, Roberto Daverio, who is opening the shop as a franchise, is going to bring over most of the haute couture collection twice a year.

Ever since Lacroix opened his haute couture maison in Paris 7 1/2 years ago (the first designer to do so for about 20

years) he has added to the galaxy of the fashion scene. His exuberant collections of beads and embroidery, brilliant colours and sumptuous fabrics caught the imagination even of those whose personal taste ran more to the more raffish elegance of Armani or Calvin Klein.

Lacroix's haute couture collections - backed with £20m of LVMH money - have continued to stun and capture the headlines but they have failed to deliver the profits. These, in accepted Parisian style, are delivered by the accessories and the second lines. The only way to make real money is to use the fun and pizzazz of haute couture as a base on which to expand which is, of course, what the new shop is all about.

Here, fans will be able to indulge themselves in the complete world of Lacroix - they will be able to spend thousands of pounds on haute couture, and hundreds on the prêt-à-porter



The Lacroix exuberance which has caught the imagination of the fashion world

ter and Bazar (his 'younger' less expensive ready-to-wear range) and accessories.

His prêt-à-porter, it seems generally accepted, is in a class of its own. Whereas even the most fastidious couturiers turn to China and India for embroideries for their second lines,

Lacroix continues to use only the output of Lesage, chief embroiderer to the couturier world.

He also uses double satin duchesses, silks, velvets, finest faille and many of the other ingredients that make haute couture so special.

Given that the prices of his prêt-à-porter are something like a third of the price of haute couture (for a jacket expect to pay somewhere between £800 to £2,000, for evening wear between £885 and £2,500) this makes them especially desirable. No wonder someone like Barbara Hackett, a highly fashionable Italian socialite, no longer feels any need to buy high-priced couture and buys Lacroix prêt-à-porter instead.

The younger Bazar range has been on sale at Christian Lacroix in Sloane Street, Harvey Nichols, Harrods and Selfridges for the last season where it has been a huge success and is almost completely sold out - no wonder when a jacket at about £200 or a skirt at about £100 costs about the same as an offering in a high street chain. Bazar made £14m profit in its first year alone.

The new shop will be selling Bazar as well as all the well-known flamboyant Lacroix accessories - look out for the signature hearts and baroque crosses (prices range from £88 - £240), for perky handbags (£200 - £900).

Those who have always wondered what haute couture was all about will be able to see most of the collection twice a year. A fitter from the Paris workshops will come over with the collection and orders will be taken.

Prices - as with yachts,

if you need to ask the price you may be sure you cannot afford it - are anything from £3,000 upwards, depending on beading, embroidery, complexity and all the other intricacies that add noughts on to prices.

As if that were not enough, there is yet another draw to bring customers into the shop - wedding dressings will be on sale at between £2,400 and £7,000. Customers will choose from 15 different styles which will change annually and no more than 10 of each style will be sold in any country.

Each dress will be made to order and will take 2 1/2 months to complete with the making-up done in Paris and the last adjustments done in London.



The three women in the lime green back room of 42 Elizabeth Street. From left: Lulu Guinness, Selina Blow, wearing a huge jewelled cross given to her by her mother, and Harriet Anstruther

Quality street trio

Selina Blow is aged 37, Harriet Anstruther, 28 and Lulu Guinness 34. Young they may be, but between them they have enough financial clout (no mummies and daddies funding) to open a shop in London's Elizabeth Street. The three have come together because they share a commitment to hand-made, one-off, special items of 'the sort of quality that London used to be all about'.

A visit to the small shop in Elizabeth Street will be completely different from a trip to a high street chain store.

To begin with, the shop looks much more like the setting for a slightly eccentric salon than a utilitarian purveyor of practical goods.

The first room is in inky blue (painted by the women themselves) with a gold chandelier and sconces displaying Lulu Guinness's handbags and Harriet Anstruther's scarves as if they were old-fashioned hunting trophies. Curvy tailor's dummies, wrapped in Selina Blow's jackets, hang ghost-like from the ceiling.

Beyond is another airier and spacier room in brilliant lime green.

The shop is part workshop, part showroom, part experimental design studio and is more like an old-fashioned atelier than a modern emporium.

It is founded on the notion that there is a market for special pieces and that the discerning modern customer understands design and special textiles and craftsmanship.

All three women made their names elsewhere and sold their wares in well-known retail outlets but the mark-up in these establishments meant that the eventual price was astronomical.

"By having our own shop we can keep the prices down and so we will be able to do more special things," says Selina Blow, the prime mover in the enterprise.

Lulu Guinness has already made a name with her quirky handbags which she sells through Harrods, Harvey Nichols and Liberty - her runaway best-seller this season is the rose-filled basket handbag (lift the roses to open the bag), closely followed by a lapdog bag.

For the shop opening there will be a new range with small bags for summer - lots of shiny satin-covered structured bags, some in brocade, some special fabrics, some small runs, some antique, to make my jackets."

Jackets have been her trademark - they are intricately made, some featuring antique furrier hooks buttoning all the way up to the top of the high collar, some Nehru-collared, some great curving models, some Maharaja-shaped.

All are beautifully lined and interfaced with fine frogging work and buttonholes. What she makes are "timeless pieces, not high fashion".

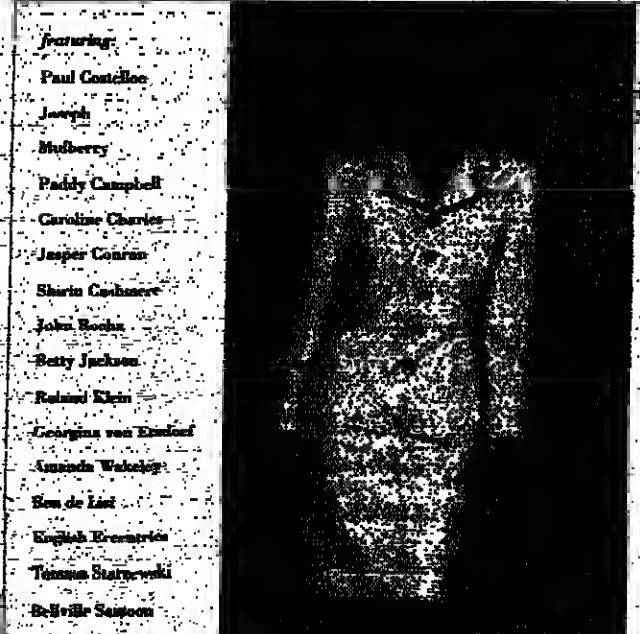
For summer there are long-lined jackets in cool silk with matching slim pants as well as waistcoats. While 80 per cent of her production will be jackets there will be some key pieces to work in with them. Prices range from £250 to £550, depending on the rarity of the fabric and the complexity of the cut.

It is a shop which could only be established in England and all the wares have something quintessentially English about them, which no doubt accounts for the fact that some of New York's most upmarket shops stock the wares of all three.

None of the high-street chains need tremble. Fabrics are luxurious and produced on a very small scale, some are antiques.

Information: 42 Elizabeth Street, London SW1 opens for business on Monday.

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SPORT

The Boat Race

Dark outlook for heavy blues

Phillip Halliday says rapier should beat broadsword in the battle of the young blades this afternoon

Only a fool would bet on Oxford winning the 141st university boat race against Cambridge, but the first day of April is All Fools' day.

Cambridge are strong favourites to win for the third consecutive year, and on paper, the Light Blues are in a different class.

The crew includes three students who have rowed in the Olympic Games; Richard Phelps, New Zealander Scott Brownlee and Marco Brancovic from Croatia. Matthew Parish and Roger Taylor are members of the Great Britain squad while German Dirk Banzert rowed the race in 1992 and 1993. Simon Newton and Miles Barnett have stepped up from the reserve crew and the cox Russell Stratford trained with the squad last year.

If there are doubts, they hover over the inexperienced Miles Barnett in the crucial stroke seat. He learnt to row at college in Cambridge and is untried in the heat of the blue boat race. This Cambridge

crew is not as good as last year's but that was one of the best ever. When they moved to London from Nottingham last weekend, the crew lacked the rhythm and smoothness that has become the Cambridge hallmark. That will be worked on in the final days with some intense finishing coaching.

As last year, Harry Mahon, New Zealand coach, has been doing the fine tuning. He compares rowers with dancers and has worked on persuading the crew to come forward with finesse to minimise the check. The check is the force which the rowers apply in the opposite direction as they come forward to take a stroke.

Head coach is Robin Williams, a lightweight rower who competed in six world championships. He has the eye for detail of the lightweight who found something other than muscle to make the boat go fast. "Small details are important, they are the easiest way to move boats. Pulling harder is not always the answer."

Nothing sums up the difference between the two camps

better than the different philosophies on technique. There has always been a machismo pride in size and the heaviest crew is said to have an advantage. On Monday, Oxford weighed in an average 3½lbs per man heavier. In recent years Oxford have seemed happier to pull as hard as they could sometimes at the expense of technique. However, if the water and weather are rough today, the broadsword may be more effective than the rapier.

Oxford's most potent weapon will not be in the blue boat. Dan Topolski, who has returned as head coach after seven years away, will be concentrating for television from a launch in the wake of the race. Topolski masterminded Oxford's 11 wins between 1976 and 1987. That last victory came after a miffing by rowers with his reputations.

Topolski has teamed up with Penny Chuter, national coach for over 20 years. Chuter is a perfectionist who gauges her athletes daily using the latest technology. The standards she strives for are high - she once



Making waves: the Cambridge University crew practising on the Thames for today's boat race

said the Henley regatta was overrated because the crews were pretty average.

Chuter set up a team of coaches that did not pull in different directions - she calls this a corporate approach. In this autumn she made the squad more competitive by putting them in small boats. This takes a while to bear fruit. "It was basic bread and butter stuff, it hampers perceived

progress but we now have a very strong, mentally tough boat."

The last week's training is about toughness and Oxford are past masters at psyching out the opposition. A previous Oxford University Boat Club president said after victory: "When I saw them coming their hair after training I knew we had the grins beaten."

Topolski, the motivator,

wants to beat Cambridge at all costs and will expect his charges to go to their physical limit to get to the line first. If Oxford have a chance it comes from the heart not the head.

Oxford's form is good but not sparkling. They lost to Imperial College at the Reading Head last month but Imperial came third in the Head of the River race two weeks ago and were only four seconds behind

the Great Britain squad. The men's head over the reverse boat race course draws some of the best eights in Europe and is a good indicator of basic boat speed. In races against London Rowing Club (sixth in the Men's Head) honours were just about even, but Oxford lost two races to London University (eighth in the Head). Oxford are fast off the start and will want the Middlesex

station and the first bend in their favour.

Cambridge have consistently beaten Notts County (fifth in the Head) in Nottingham and are unfazed by talk of Oxford being quick out of the blocks. "If basic technique is there then boat speed follows - we can match their aggression over the first two minutes and then settle over the next five to six," said Williams.



On the way: Bryant 'Big Country' Reeves, 7ft centre for Oklahoma State University, tells coach Eddie Sutton they are going to the Final Four

Basketball / Jurek Martin

The madness grips

now hard to find in the NBA. Which is not to say that college ball is not professional. Too many universities scour high schools nationwide and around the world for tall talent and then put them through what amounts to an apprenticeship for the professional game, which most will never make. The 40 per cent graduation rate for basketball students is an educational disgrace. (Georgetown is an exception, with four out of five acquiring degrees, but it is a Jesuit school and few coaches insist on classroom time as much as John Thompson, Georgetown's coach.)

Nor indeed are college rules now much different from professional basketball, with a shot clock and a three point goal designed to produce higher scores. Short and slow teams, with good zone defences and a decent shooter can pull upsets, as obscure Weber State from Utah and Manhattan College did in this year's first round, but the third place of (now Senator) Bill Bradley's

Princeton in 1965 is as improbable as a non-league side winning the FA Cup.

Still, there are always enough deep and talented teams to ensure fierce competition. Not since the great University of California at Los Angeles hegemony produced 10 titles in 12 years from 1950-75 has a university dominated, though Duke won twice in a row 1991-92. But lots of the same names regularly crop up in the late stages: North Carolina, Kentucky, Michigan, Indiana, even tiny Georgetown.

College basketball also remains essentially a team game. The sum of the parts, which may be unequal, must exceed that of any individual. The old joke about Jordan - that the last team to hold him to under 30 points a game was his own North Carolina - stems from the fact that Dean Smith, the coach, never gave his first year players much court time. Few professional coaches can now dare treat a prized rookie that

way and keep their job.

El Deano has mellowed to suit the times, but he did turn out a series of players less gifted than Jordan (Walter Davis, Phil Ford, James Worthy, Brad Daugherty) instantly ready for the NBA. The temperate Bobby Knight at Indiana (with Isiah Thomas especially) and Thompson of Georgetown, three of whose centres are professional stars, have followed suit. Yet there are fine players who may never rise above the college level but who live for, and grace, March Madness.

Leaving school early is tempting for the best, especially if a rumoured NBA rookie salary cap means an end to \$50m contracts. This year the three top prospects are only in their second years at university. Jerry Stackhouse and Rasheed Wallace play, unsurprisingly, for North Carolina. The fate of the third, Joe Smith of Maryland, is of such interest that the Washington sports media frequently talks and writes about nothing else.

All three are obviously exceptional. But if they listen to Grant Hill, who got his degree as well as two championships from Duke and was an all-star in his first pro season, they might think twice. He finds life in the NBA lonely and self-centred after college. Lesser talents could contemplate Yinka Dare - a raw, seven foot Nigerian who left George Washington University after two years and was so unprepared that he managed just three minutes playing time before injury abbreviated his maiden season.

The Final Four, in Seattle, has no clear favourite. Today Arkansas, defending champions and Bill Clinton's side, go against North Carolina, and UCLA plays Oklahoma State, with the title game on Monday night. When in doubt, always take a Dean Smith team. It beat (sniff) Georgetown in the Street Sixteen and a hot Kentucky in the quarterfinals; anyway, the coach is a liberal Democrat, a political class long overdue for a win.

Golf / Derek Lawrenson

Greens take shine off the Masters

The grandstand beside the 15th green at Augusta National has long been a favourite gathering place among the regular patrons at The Masters. This year five have always proved a source of drama: this year is the 80th anniversary of Gene Sarazen's celebrated four wood second shot that bounced twice before hitting the pin and finishing below ground for that rarest of birds, an albatross. Sarazen had trailed Craig Wood by three shots; he went on to defeat him in a 36-hole play-off.

The hole has provoked its fair share of pain as well. Severiano Ballesteros' second shot in the final round in 1986 finished in the water that fronts the green. He had been leading by two shots, he lost out by two to Jack Nicklaus. Last year, the spectators saw plenty of drama as well but whether it bore any resemblance to golf is a moot point. They witnessed players hitting short irons to the green that looked good in flight but finished through the putting surface and in the short collar of rough at the back.

The experience of Tom Watson in the first round was typical. He was four under par playing this hole and his seven iron was hit with all the confidence afforded by the liberal sprinkling of exemplary shots that preceded it. The thought of a birdie or even an eagle must have crossed his mind.

Yet upon landing, the ball, in Watson's words, "just took off, there's no other way of describing it". The resultant chip did not stop either. He found himself in the water. The heady prospect of a three or four had become a card-wrecking eight. Watson had not hit a bad shot on the hole.

What the organisers did to parts of Augusta last year was sad. They tricked up one of the great tests of golf to satisfy the ill-conceived belief that otherwise it would be plundered for numerous 65s and 66s. "There's pin placements out there that I haven't seen in 20 years of

coming to this event," Tom Kite said.

"It's Mickey Mouse, miniature golf," said Bernhard Langer.

Of course we have become used to the odd whinge from the professionals who expect every green to act like a dartboard, particularly at Augusta where the slippery surfaces have often made a mockery of their best efforts.

But while it is perfectly fair for players who are 15 yards wide of a target with a nine iron to be confronted by a 45ft putt with 30ft of borrow - may their whinging fall on deaf ears - this is a different ball game entirely.

'I find it hard to believe that Bobby Jones wanted some of the holes to play this way'

The green at the 15th is a narrow sliver; there is no prospect of running the ball on to it because of the water in front. If Sandy Lyle cannot stop the ball with a pitching wedge, which is what happened in the third round, then drama soon turns to farce.

With Lyle's experience we reach the crux of the matter. Sarazen used a four wood for his second shot in 1935. Now, 59 years later someone is going into the green with a pitching wedge.

The fears of the organisers are obvious: they fret that the course has not stood up to the test of time; that the enormous technological advances that the sport's governing bodies have sadly allowed have rendered the course impotent in today's power game.

I do not think there is much evidence that this is the case. If Lyle was playing into even the merest of breezes at the 15th, which is usually the case, he would need a far different

club than a pitching wedge.

It is only two years ago that Chip Beck three shots ahead of Langer in the final round, was so intimidated by the prospect of a 220 yard four wood second shot - exactly that which confronted Sarazen - that he opted to lay up short.

In any event, it cannot be right to present a course that amounts to an unfair test. The result was a tournament last year that was short of much of its usual excitement.

What we certainly do not want to see again is Nick Price, always the fairest of men and who is looking to win his third major championship in a row, sitting in the locker room with a heavy heart and saying: "I find it hard to believe that Bobby Jones [the creator of Augusta National] wanted some of the holes to play this way. The course is too intense. There's no margin for error and that is not fair."

The Royal and Ancient tried to alter the natural order of things at The Open at Turnberry in 1986 by trimming the fairways to 25 yards wide. The result was another unfair test when the wind blew up a storm. At least they admitted their mistake and there have been some halcyon days in the Championships held since.

On the eve of the 1995 Masters we can only hope the authorities there will prove equally magnanimous. Perhaps they will bear in mind the words of Bobby Jones himself, who initiated not only the golf course but the event.

Jones's brief to the architect, Dr Alistair Mackenzie, reflected his own disdain of the trend for brutally long courses. He wanted a venue that tested qualities other than raw power and such was Mackenzie's brilliance that for 60 years the event was a celebration of a player's flair and courage on and around the putting surfaces; a testament to his shot-making skills from tee to green. It will be again if last year's aberration has not become one of the saddest of trends.

Athletics / Neil Buckley

Long-run appeal of London's marathon

Porsche-driving yuppies, oenophiles, Essex man, streets full of "Solid" signs, Margaret Thatcher - so many symbols of 1980s Britain have faded to a memory. But me, the London Marathon, keeps on running.

The event, first completed by 6,148 runners in 1981 and being staged for the 15th time tomorrow, sparked the 1980s "running boom" in the UK, when the unlikely physical specimens, from bus drivers to company chairmen, squeezed themselves into vests and shorts and increasingly expensive running shoes. Every big city, and even the Scottish island of Benbecula, had its marathon.

The running boom is over, the number of marathons in the UK is down from more than 100 in 1984 to about 40 this year. Yet the appeal of

London seems undiminished, and it vies with New York to be the world's biggest marathon. This year more than 70,000 people applied to run, 35,000 were accepted, and allowing for illness, injury and failure of willpower, about 26,000 will cross the start line tomorrow.

The marathon has always seemed an unlikely mass appeal event. For participants, it poses a severe physical test. For spectators on the streets, beyond the sheer spectacle of 26,000 bobbing heads, the length of the marathon makes it difficult to follow the "real" race at the front of the field.

So where is the attraction?

For one thing, the marathon has history. While the FA cup goes back just over 100 years, the marathon claims to date back 25 centuries.

In 490BC Pheidippides ran to Athens from the battlefield at Marathon. The precise length of his run is a matter of debate (Marathon to Athens is just less than 25 miles) but not the fact that, rather ominously, he dropped dead after his exertions.

The real history of the marathon, however, is shorter, and the reason for its odd length of 26 miles 385 yards a royal whim. The race was devised as

a 25-miler in Pheidippides' honour when Baron Philippe de Coubertin founded the modern Olympiad in 1896. The marathon for the 1908 Olympics in London was also due to be 25 miles, from Eton High Street to White City Stadium in west London. First, however, 385 yards were added so the race could finish in front of the royal box, and later another mile when the Princess of Wales requested the start be moved to Windsor Castle so her children would have a good view.

In addition to history, the marathon has community. Chris Brasher captured this

spirit when describing the New York marathon in 1979 - the spectacle which inspired him to found the London: "Last Sunday," he wrote, "in one of the most violent, trouble-stricken cities in the world, 12,000 men, women and children from 40 different countries of the world, assisted by 2.5m black, white and yellow people, Protestants, Jews, Muslims, Buddhists and Confucians, laughed, cheered and suffered during the greatest folk festival the world has ever seen."

The 500,000 spectators expected to line the streets of London, and the 8m more who

will watch on television, feel a sense of kinship with the participants - many indeed will know people taking part - which they do not have with events such as Wimbledon, the Derby or the FA cup.

Thirdly, the marathon has colour. Rio has its Mardi Gras; London has its marathon, and the costumes can be almost as spectacular. London's competitors have included pantomime horses, writers carrying trays of drinks, Roman centurions, policemen, emus and prison warders handcuffed together. Spectators organise street parties, with pearly kings and queens playing jazz in Rother-

hithe, and steel bands in Tower Hamlets.

It also has pain. The marathon hurts, during the four or five months of training beforehand, acutely for the hours it takes to complete it, and only slightly less acutely for days afterwards as muscles and joints take revenge.

Finally, it has money, not just for the stars, but for charity. Runners have raised £75m for a vast range of charities in the last 14 years, and the race should pull in another £5m this year. For many charities, it is the single biggest fund raising event of the year.

For the stars, marathon run-

ning pays well. Front runners, such as last year's winners Dionicio Ceron of Mexico and Katrin Dörre of Germany - both possible winners again this year - can attract six-figure appearance fees, and the men's and women's winners receive prizes of £34,000.

For most competitors, however, prize money is not a consideration. What drives them through the months of winter training, the 19-mile shuffles, the personal challenge of dragging their body round those 26 miles and being a part of one of the world's great events.

This week I dug out my rather dog-eared Finisher's slip from my last London in 1986: 3 hours 15 minutes 40 seconds, placed 4,263. Nine years on, there is little chance that I will match that performance when I run tomorrow. But then, that is not the point.

FOOD AND DRINK

Meals to fool your April supper guests

Philippa Davenport picks some whimsical dishes for cooks with a sense of humour

Cooks have always enjoyed a good laugh. The BBC Panorama programme's April Fool joke about the spaghetti harvest is still remembered with affection, one of a long line of elaborate culinary jests. Nowadays we tend to content ourselves with minor japes and deceptions. Egg shells blown of their eggy contents and refilled with chocolate bring a smile to our lips. Last Christmas there was a rush to buy *trompe l'oeil* *foie gras* in white china terrines, actually made from almond paste and sweetened chestnut purée, studded with chocolate to represent truffles. Also fashionable was the excavation of the underside of a parmesan filling the hollow with frozen *zabaglione* - a sophisticated update on the Baked Alaska of childhood with its hidden surprise of vanilla ice-cream under a swirling cloak of hot meringue.

Food has long been a subject for regional jokes. Best known is Welsh Rabbit, not rabbit at all but toasted cheese, a totally implausible deception said to have originated as a piece of self-mockery by the Welsh several hundred years ago. Then there is Scotch Woodcock, the savoury composed of egg yolks, salt anchovies and cream piled on to toast - frankly unlikely to be mistaken for little game birds by anyone who has ever seen or tasted woodcock.

Less well known, and more theatrical fun is Northumbrian Duck, a dish in which lamb or mutton masquerades as a bird. To make it, the blade of a shoulder is boned out and

stuffed. The shin bone is cut extra long, bent at the knuckle and split at the end to create the impression of a beak. Feather markings are incised all over the fat. The joint is roasted and presented at table sitting up like a decoy duck in a sea of vegetables.

Fractionally more convincing than Welsh Rabbit or Scotch Woodcock, visually at least, it is a great deal more trouble to prepare, of course. But the labour involved is as nothing compared to that

Robert May's 1660 cookbook describes all manner of conceits and subtleties

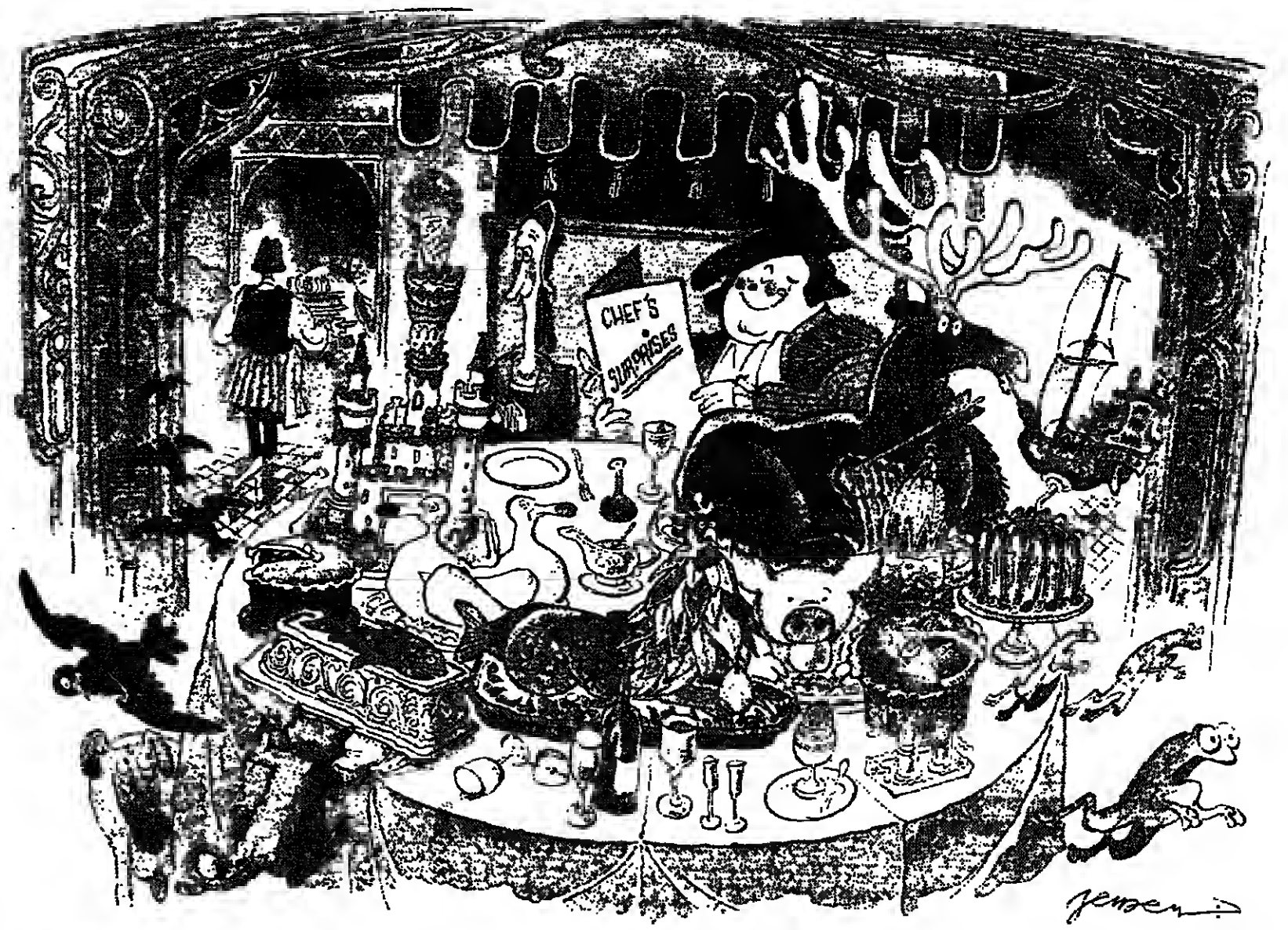
required by many of the subtleties and conceits that our forefathers rejoiced in so much. I sometimes get the impression that a medieval feast was not reckoned to be a feast at all unless cockatrice was served. And I was astounded to discover that this heraldic monster of fable, half bird half beast, was recommended as a cold party piece for children's parties in a book published as late as 1954 (Dorothy Hartley's *Food in England*). Mark you, Hartley's version is made modestly with a fat hutch rabbit and a boiling fowl. Earlier recipes call for a large capon and a small sucking pig.

Whatever creatures are used, the two should be carefully trimmed, stuffed, interlocked

at the rib cage, boiled, roasted and festooned dramatically before serving in a way designed to delight and excite by strange appearance. The creature should sit sphinx-like on a platter with a gilded egg placed between its front feet. Instead of a sphinx's head it will of course boast a cock's head complete with cockscomb - real or carved. It will sport feathered wings (outspread or folded), have gilded claws on all four feet and the ferocious tail of a dragon or snake.

Robert May's *Accomplish'd Cook* written in 1660 (republished by Prospect at £27.50) describes all manner of other conceits and subtleties with which thoughtful hosts might entertain their guests. Some made sumptuous eating. Others were intended purely to amuse, such as pies filled with live frogs or songbirds which burst forth when the pastry lid was lifted - charming precursors of toppers girls leaping from cardboard cakes.

One popular fancy with 17th century diners comprised a handsomely scripted and painted sugar or almond paste stag filled with softly set claret jelly and stuck with an arrow. When the arrow was drawn out by one of the ladies the jelly spilled out like blood pouring from a wound. Even more elaborate were amazingly turreted fairytale castles or fully rigged ships fashioned from paste with trains of powder running around them so that when mock battle commenced they could be fired and demolished. After such a display, Robert May recommends "sweeten the sink of the powder by giving



the ladies egg shells half filled with rosewater and let them throw them at each other". My suggestions for edible April fool jokes for EU minded pranksters in late 20th century Britain are pretty tame stuff compared to those earlier japes. They are also less demanding of the cook.

POISSON D'AVRIL FOR VEGETARIANS
My first *poisson d'avril* is fish shaped but contains no fish. For each person, roll out some puff pastry and cut out with a template two large, bold fish shapes. Lay on half of them a good dollop of cold, lightly cooked vegetables tossed in basil or parsley and coriander pesto.

The vegetable combination I like best includes plenty of thinly sliced leeks (steamed or stir fried and well drained) mixed with some strips of skinned and seeded tomato, steamed olives, a few steamed and sliced salad potatoes and maybe a roasted red pepper cut into snippets.

Cover with the second pastry "fish". Moisture and seal the edges firmly. Decorate with pastry trimmings or by scoring with a knife with fishy eyes, scales fins and gills as detailed as time and artistic ability permit. Glaze with beaten egg and bake in a hot oven at 225°C (425°F) gas mark 7 for 10-15 minutes. Reduce temperature to 200°C (375°F) (180°C-190°C) gas

mark 4 or 5 and continue baking until golden, crisp and hot right through. Serve with a delicate Mornay sauce or with a tomato chilli salsa.

POISSON D'AVRIL FOR OMNIVORES
An unexpected combination: ritzy oysters teamed with nursery school plus eastern flavours for good measure. This quantity will serve five to six. Although I have only made it as a rhyolite, I dare say the sucterust could perfectly well be fashioned into a fish shape by the nimble-fingered. Make a sucterust with 6oz each wholemeal and plain white flour, 6oz suet, 1 heaped teaspoon of baking powder, 2

heaped tablespoons of sesame seeds and 1½ teaspoons of coriander seed (both toasted then crushed), a seasoning of sea salt and chilli powder, plus 5 fl oz or so of oyster liquid (see below) to bind. For the filling, lightly soften in oil a bunch of spring onions chopped with a clove of garlic and a scant 1 teaspoon ginger root. Add 2½ dozen freshly opened oysters and their juices and continue cooking very gently until the flesh is just set. No longer. Remove the oysters, cut them in half and mix them with plenty of chopped coriander leaves plus the drained contents of a 105g tin of smoked oysters. Strain the juices from the

onion mixture, pressing the solids in a sieve to extract every drop. Use as much of the liquor as is needed to bind the pastry. Add the onions to the oysters. Roll out the pastry. Sprinkle the filling over it, leaving a clear rim. Dampen the edges, roll up and seal. Wrap securely in a baggy parcel of well-oiled double-thick foil. Bake on a baking tray at 400°F (200°C) gas mark 6 for just under an hour. Then pull back the foil and bake for 10-15 minutes more to crisp the crust. Serve with a bowl of soy or teriyaki sauce for seasoning. If a green vegetable is wanted on the side I suggest finely shredded and steamed cabbage or broccoli.

Reaching out of pest-free isolation

Jancis Robinson wonders whether Chile's wine producers can seize a great opportunity

The last time John Ratcliffe, Odbius deputy managing director, went to Chile was 1989. His memories of that visit were coloured by the layer of slat on a hotel bedroom floor and the fact that they could squeeze their luggage into the hire car only by extracting its back seat. Since that initial visit, Steve Daniels, Odbius's Chilean wine specialist, has returned year after year to dispense praise, criticism and orders, following the fortunes of Chile's wine trade more assiduously and consistently than any other British retailer.

Thanks to Britain's uniquely proactive way of buying wine, this must make him a world expert on the fast-changing Chilean wine landscape - although representatives from Thresher and Tesco are catching up fast. Ratcliffe, meanwhile, spent a high proportion of the intervening years being courted by Australia's avid wine exporters. But now that demand has so definitively overtaken Australia's supply of premium grapes, and the 1996 vintage is so small, he has become hunter rather than the hunted.

Two weeks ago he joined Daniels for a week in Santiago. He could not believe the speed of the Chilean economic miracle. This time they stayed in the 18-floor, atriumed Santiago Hyatt with stretch limos out-

side and glass elevators disappearing into the smoggy sky above. The only real problems of daily life were deciding whether to punctuate the pisco sours with a smart Italian, Thai or Peruvian restaurant. On the first night it was the Hyatt's very own Italian, with some Chilean wine folk. Rejecting the first of four bottles of wine that were to be found wanting that evening - Chilean consumers are yet to appreciate youthful fruitiness in a wine - Ratcliffe said provocatively: "While the Australians are short of wine, the Chileans and South Africans have a year and a half to steal a march on them [before their new plantings come into production]."

But one of the locals muttered doubtfully: "I wonder whether the Chileans realise." They almost certainly do not. One of remarkably few disadvantages of Chile as a wine producer is its isolation. New Zealand and Australia may be a long way from their main markets but at least they share their culture and language. In Chile, in spite of its ideal combination of climate, plentiful irrigation water and the



De-stemming Montes grapes at Curico, 200 miles from Santiago

absence of several important (and costly) pests and diseases, and despite having almost twice as many vineyards as Australia, wine hardly exists. The local population drinks beer (or pisco, Chile's aromatic clear brandy). So unimportant is wine, relative to Chile's minerals and fruit, that dangerously few of the executives in charge of filling that Australian gap have any real

long-term knowledge of their product or international market. They were probably selling light bulbs last month. Only 35 wineries export, and their wines tend to be made by a small, constantly revolving nucleus of winemaking and vine-growing experts. Between them there is an almost California level of cordiality and co-operation but, at corporate level, things are managed very

much more competitively, and often less systematically. Concha y Toro and Santa Rita are the two giants of the industry, each of them, typically, still run by one of the families which dominate Chile's economy. In their respective corporations, however, these wine-producing giants are dwarfs and today, as a century ago in Chilean wine's heyday, winemaking remains a sort of rich gentleman farmer's activity.

The entirely laudable current fashion among wineries is to plant vineyards so that they can better control yields and growing methods. In 1984 Santa Rita (which enjoys a convenient monopoly on wine bottle production) had barely 45 hectares (115 acres) of vineyard, enough to supply about one per cent of its needs. Today its stated aim is to become self-sufficient - which has certainly helped to send grape prices plummeting from their 1993 peak when there was a severe shortage of grapes answering to the magically universal names of Chardonnay and Sauvignon Blanc.

Concha y Toro, already the world's most important owner of Cabernet Sauvignon vines,

is also developing vineyards like crazy, not least in cooler areas such as Casablanca in the north and Mulchen in the far south. Both Concha y Toro and Santa Rita are spawning wineries and labels which march in fierce competition with their main brands: notably Cono Sur and Carmen, respectively. Divide, rule and profit from winemaker ambition seems as good a recipe as any. Faced with falling demand, most of the grape growers, generally large farming concerns rather than peasants eking a living, are simply switching to other crops - although some are trying their hand at building both wineries and export markets.

Meanwhile investment (often foreign) is flooding in to wine as much as any other sector of Chile's economy. From California, Mondavi and Kendall-Jackson have been sniffing around almost indecently long. Grand Marnier is flying in Michel Rolland of Pomerol to develop a line of Casa Lapostolle wines (to reach the UK later this year). Bruno Prats, of St Estéphe and Paul Pontallier, of Margaux, co-own the Aguitania

winery just south of Santiago. Torres of Spain and the Lafite Rothschilds (lovested some years ago in Miguel Torres and Los Vascos respectively). Yves Pouzet has deserted his native Loire valley to make Vina Forta one of Chile's few "boutique" wineries, and certainly one of its best. Capel, one of the biggest pisco producers, is opening up new winelands to the north near Ovalle. But while the large companies, such as brewery-owned San Pedro and revitalised Santa Carolina can afford to

ride fluctuations in the wine market, the smaller ones may find life very different when fighting Australia on a more level playing field in 1997. And this big-versus-small divide has undoubtedly hampered Chilean progress in international markets. So far Chile has found it as difficult to present a united generic wine front as it has to develop a strong national image. (Spain stretched into a different shape and even-conscious of a much larger neighbour is a facile but serviceable possibility.) So much for the business. As for the wines themselves, there are some truly great bargains to be had in Chile now. Next week, Jancis Robinson on the wines of Chile.

Food treats for Easter

Appetisers

All order food specialists Morel Bros, Colbette & Son has put together an eclectic range of items for FT readers which would make a good Easter treat or gift. For £19.50 (inclusive of UK delivery) the first 300 FT readers in the UK to get in touch with the company - by fax or phone - can try a 250g box of dark chocolate croquettes (61 per cent cocoa) from Le Chocolaterie WEISS of St Etienne; a box of Elvas

plums from Portugal prepared using a 16th century recipe; and a tin of traditional Breton butter biscuits with chocolate chips by Hervé le Dren. These three items would normally cost more than £30 in total.

The products can be obtained by mail order from Morel Bros by ringing 0171-384 3345 or faxing 0171-384 3123. Payment can be made by cheque or credit card and the company aims to

deliver the products in time for Easter. Its current catalogue - beautifully illustrated by artist Freire Wright - includes everyday and unusual items for lovers of fine food: teas, coffees, mushrooms, truffles, stocks, cassoulets and confits, mustards, oils and seasonings. Jill James.

■ The Ritz in Piccadilly, London, currently buzzing under the direction of new general manager Brian Williams, is to serve Sunday brunch in its

Palm Court lounge. For £16, inclusive, after your fresh fruit juice you can choose from scrambled eggs with smoked salmon and chives, escalope of chicken with lentils and red wine, through to risotto of smoked haddock flavoured with curry and poached egg. Round off the meal with crème brûlée or rich chocolate omelette - all to the accompaniment of classical music. Reservations: 0171-493 8181. JJ.

■ Spanish cookery writer Maria-José Sevilla and chef Carla Tomasi are both offering Mediterranean cookery weeks in the foothills of the Ronda

night at a leading hotel in Sanlúcar de Barrameda or El Puerto de Santa Maria. Maria-José's course runs from June 4-11 and Tomasi's from October 12. The cost from London-Gatwick via Gibraltair is £800 including transfers. For further details call The Global Gourmet on 01884-32257. JJ.

■ Glasgow is hosting this year's Scottish food proms from April 20 to May 2. In addition to cookery demonstrations, lectures and special menus put on by some of the city's restaurants there will be three business seminars on marketing, packaging and product development. For details of these and further events ring 0141-636 6332 or fax 0141-636 6335. JJ.

■ There are now two branches of the user-friendly Bar Central in London. The original is at 131 Waterloo Road, SE1, (0171-928 5086) next door to the Old Vic and the second at 316 Kings Road, SW3 (0171-352 0025). Their design is clean and bright and they serve good food at reasonable prices. Open Monday-Sunday, midday to midnight. Nicholas Lander.

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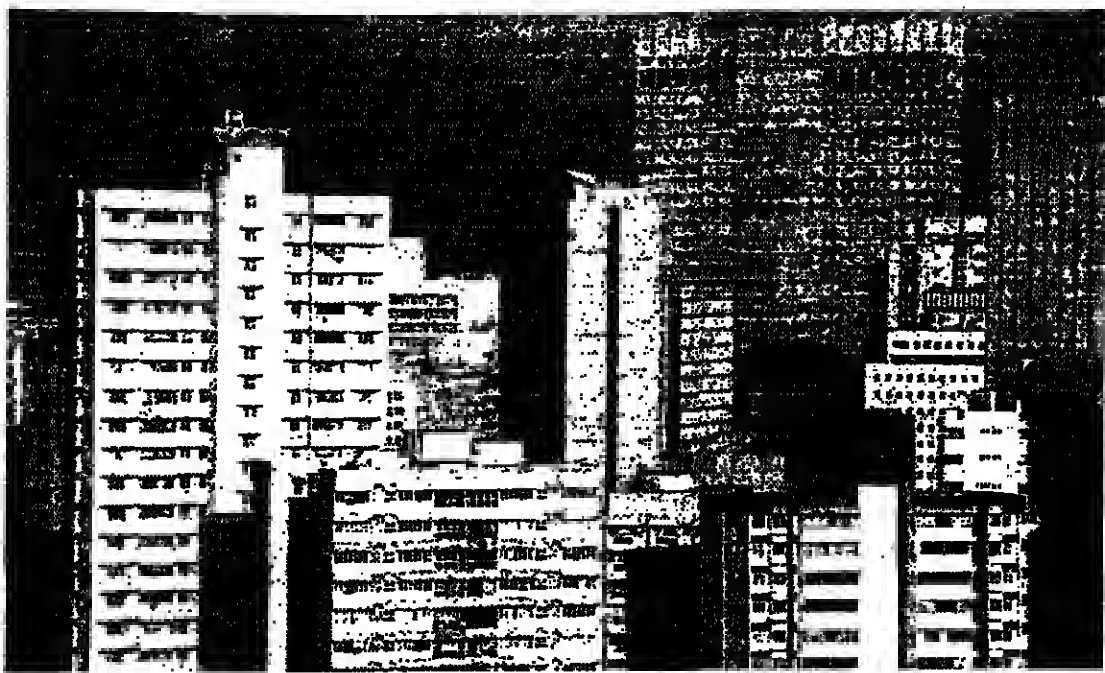
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PROPERTY



The skyline of Nariman Point, the Bombay business district

Tony Andrews

Investing in Bombay – the bachelor's city

To the company executive offered a foreign posting, being sent to India may seem like drawing the short straw. Telephone and electricity services can be erratic, the pollution stifling, bureaucracy a nightmare, the traffic appalling and the tap water unreliable.

Bombay is known as a bachelor's city, because no one wants to take their families there. Worst of all, the price of an apartment – in a building which resembles the worst type of council tower block – is highly expensive.

But it is a plum to the investor. Prices in Bombay, Delhi and Madras have soared over the past year by between 30 and 50 per cent. Bombay especially, crowded on to a peninsula with little room for expansion, has seen spectacular price rises.

A basic two-bedroom flat in an unattractive block can cost \$1.5m – the price of a prestigious three-bedroom apartment in Knights-

bridge or Manhattan.

This year, for the first time, Indian property developers took a pavilion at the Homebuyer Show in London – traditionally the showplace for developers and estate agents from Spain, Portugal, France and Italy.

It is an early indication that India's booming property market is beginning to attract outside attention. At least one British estate agency has expressed interest.

"Property prices in India have gone up in a straight line," says John Royden, chairman of the ECU Group, a privately owned global fund management and consultancy group, specialising in Indian property.

One reason is the number of non-resident Indians on high earnings in the Gulf, Indonesia, Malaysia or the UK who are investing their money in property back home, in preparation for their return.

Too nervous of sitting tenants to rent out the apartments, they own an estimated 50,000 flats, known as

locked properties. Of the owners who do let, many demand a returnable deposit of half the value of the flat. A rental yield is between 8 and 15 per cent a year, according to Royden.

Mortgages are unusual; most properties are bought from savings, for cash. Multi-nationals moving into India are competing with middle-class and well-paid Indians for available property. There is such a shortage in Bombay that some companies are prepared to spend more than \$400 a night on suites in top hotels for staff accommodation.

Nariman Point, on the Bombay seafront, and Churchgate are the smartest places to work and are near the Stock Exchange, Malabar Hill, Napeansea Road and Marine Drive are the top residential areas. Blocks near the Oberoi and Taj hotels are also highly desirable.

A two-bedroom flat can cost \$2m (£1.2m). One apartment, near the Oberoi, was recently on the market for \$4m. Secretarial staff on low wages are forced further out to the

north, up to two hours commuting time by train, where a two-bedroom apartment in a tower block is currently on offer for \$30,000.

In Bangalore, the fastest rising area is Richmond Town; in Delhi, the Qutab Enclave; in Madras R A

'Bombay has lots of poor. It's smelly, very hot and has lots of rats'

Puram, according to the ECU Group figures.

Bandra, where the new Stock Exchange and Diamond Exchange will be based, is up and coming, says John Royden, a former options broker at Kletworth Benson, with flamboyant taste in braces (navy with scarlet & signs "to remind me

what I'm supposed to be doing"). "Bombay has lots of poor, it's smelly, very hot and has lots of rats," he says. Expatriate wives moan bitterly because "there's nothing to do except sit and watch CNN every day".

An amenity as simple as a few trees or a patch of grass in front of a block is a quantifiable asset. A breeze off the sea is a big plus point and can add an extra \$100,000 to the value of a flat. "All the things we take for granted (in the UK) are so precious in India," says Royden.

New developments, such as those being built by the Kanakia Group, have pools and leisure complexes, saunas and gyms. Bangalore, capital of Karnataka state, is most suited to the renaissance *menshahs*.

It is India's silicon valley and the seventh fastest growing city in the world. Bangalore also has a pleasant, temperate climate and offers tennis, golf and swimming.

When it became a British garrison town in 1809, pretty bungalows

with rose gardens and croquet lawns, were built to accommodate British families. Bangalore is thronged with rascals during the season. The cast of David Lean's film *A Passage To India* stayed in the West End Hotel, Race Course Road, during filming.

It is popular too with Indians buying a second home. But while a European might choose a second home for the temporal attractions of golf, or sunshine, an Indian takes his refreshment more spiritually. Outside the town, simple ashram style homes are being built by the K. Rabeja Group around the guru Sai Baba in a development called Sai Gardens.

Royden offers a word of warning about the way property details can be presented. In the UK, the square footage is the measurement of carpet space. In India the square footage quoted usually includes a share of the common areas, such as the hall or lift shaft, to make it look better on paper. The difference can be as much as between 40 and 50

per cent.

"Nariman Point is trading at about \$1,000 a sq ft, but if that was quoted on carpet space it would be \$1,400," says Royden.

He says that a main concern among investors and corporations is the quality of the building. To western eyes, the rickety appearance of Indian wooden scaffolding indicates an alarmingly cavalier attitude to safety regulations. Although this is not always the case, insurance has to be a priority.

Naomi Gresham, of Hamptons International, voices the concern of others. "We've been approached a couple of times, but I am nervous about the Indian property market."

"It is an unknown quantity and I feel they have a long way to go. There is business to be done, but like the Russian market, it's early days. I do believe the potential is enormous and I would never dismiss any market, but I would like to see how it develops."

Rosalind Russell

hence their excellence in gardens by the sea.

There are very few tricks to them. They like to be fed, beaten and left alone. Always be patient because the first year is not the best. Plant the bulbs up to their necks but leave the tips showing above ground. Always feed in May with one strong application of potash, best found in Tomorite, which feeds much more than tomatoes. Never plant perennials so that other summer plants hang over them and interrupt the sun in summer.

They will multiply on light ground and allow you to split them. I find that lifting and splitting are best done in June, just before the new growth starts.

They also have some admirable hot companions. Gladioli have a bad name among artistic gardeners but some of the smallest forms are less provocative and are also right for planting just now.

The two whites are particularly charming. The Bride and Prince Claus, which are blotched with pink and red. They are certainly not winter-hardy in typical Britain but they are still relatively cheap and easy and you can always pot them up in November in order to keep them for another year.

Tiger flowers are also provocative because they are so wildly exotic, like brilliant parakeets among the usual colours of summer. I like their style, especially as they are extremely easy and gratifying in narrow borders against a dry wall, even in London. Each flower lasts for a morning only but they appear in sequence and are so brilliant that you are sure to coincide with them, even if you have to pick your weekend in July.

A rarer and better bet would be the neglected Zephyranthes, which has bulbs like a small daffodil and is also on offer for planting now. Its difficult name means the Flower of the West Wind, a romantic name which it thoroughly deserves. Its habit is to produce upright cup-shaped white flowers on short stems above leaves like thin green rushes.

They are utterly charming and appear quite freely on a light soil in a hot place after a dry summer. If in doubt, treat them exactly like Nerines.

This year, I have been given a few bulbs of the pink form, acquired in Thailand, though its natural home is Argentina. There is a global – albeit pretty small – market for this elegant plant. Perhaps I can persuade you to interrupt your enjoyment of the daffodils and order this late alternative for a dry autumn.

Gardening

Bulbs also enjoy Indian summers

Order now for summer flowering, says Robin Lane Fox



Galtonia candicans: the summer hyacinth, with buds like gaps in white teeth, can grow to 4ft

teeth. The leaves are untidy but the beauty of this bulb is its immediate height, up to four feet in the first year.

Now is exactly the time to order it because it should not be planted until mid-April. It dislikes the extremes, a thin, sandy soil or a heavy clay. Its particular heaven is a tump of rotted compost under each bulb and plenty of water when it starts to show green growth.

Groups look best, six to 10 at a time, and they fill in temporary gaps, or the spaces in young shrubberies. A very hard winter will freeze them in the ground so you should probably dig them up and store them like dahlias in November. If you forget, they are not expensive but they are really worthwhile for bigger country gardens.

In hotter spots, especially

abroad, nothing beats the shocking pink Nerine, the Guernsey Lily of autumn. I prefer to plant them during the next three weeks, especially as the basic forms of Nerine bowdiana can be bought quite reasonably in bulk from Peter Nyssen, of Railway Road, Urmoston, Manchester. Nerines are best against sunny walls in light soils, especially those with sand and sharp drainage:



With the introduction of the new A4, Audi has finally shaken off its "only a posh Volkswagen" image. It has the same family look as the luxury A8 and large executive A6 and looks handsome in the compact business car market with the BMW 3-Series. There is a choice of five engines: 1.6-litre, 1.8-litre (including turbo), 4-cylinder and 2.6-litre V6 petrol and a 1.9-litre turbocharged, direct injection diesel.

The A4 I drove was the non-turbo 1.9-litre

1.6-litre base model, more than £300 cheaper

than its BMW 3-Series equivalent. The Audi 80

saloon has been replaced by the A4 but the A8

estate stays in production until next year.

aware of the engine than I would have liked when cruising at 4,000rpm and a shade over 80mph/130kph. The ride is excellent, as are handling and road-holding, and the build quality is first-class. There is not much legroom for rear passengers but the boot is wide. As both steering wheel and driver's seat are height-adjustable, a near-perfect driving position is achievable.

Prices for the A4 start at £15,330 for the 1.6-litre base model, more than £300 cheaper than its BMW 3-Series equivalent. The Audi 80 saloon has been replaced by the A4 but the A8 estate stays in production until next year.

Motoring / Stuart Marshall

Bid for a bargain

Within six months of their purchase, most new cars are worth 25 to 30 per cent less than their list price. So why do private motorists spend large sums on such rapidly depreciating assets? It is a good question. The answer is that increasingly, they don't.

Private buyers have realised that an "ex-demonstrator" or a second-hand car with a full service record and dealer warranty can be a very good buy. In fact, most new cars nowadays are bought by companies for employees or by organisations which lease them to customers.

They buy them in bulk at prices that make the discounts retail buyers haggle out of dealers look pitifully small. Many eventually turn up on used car forecourts, having first gone under the auctioneer's hammer.

If you are tempted by an auction, go with a little more preparation than you might make for a big weekend shop in Sainsbury's. Read and digest *Buying a Bargain Car at Auction* by Robert Stock (Robert Hale, £6.99). You could save a lot of money and end up with a very good car.

Because of their involvement

with company car fleets, auctions are effectively the wholesale division of the used car market. They determine the trade price of a used car, which is significantly lower than the retail price.

Robert Stock gives some examples. Typical was a 6,000 mile, L-registration Ford Mondeo 1.8LX, 5-door, that made £9,500 at auction. The same model with 8,450 miles on the clock retailed at £11,200. An 80,000 mile G-reg. Vauxhall Cavalier 1.8L, 5-door, was knocked down for £3,200; a comparable though lower mileage (61,000) example had a forecast price of £4,995.

Private buyers should, he says, go for "straight off the road, well serviced ex-fleet cars" and not worry about being landed with a clapped-out horror. "It is likely that a major UK company would risk its good name, which will ultimately appear alongside your own in the log book, by selling... cars that have had their mechanical condition disguised or doctored?" Stock says no. And he points out that should any problems emerge, because he has saved by buying at auction, he has the money to put them right.

Anyway, if you decide that

having bought the car, you don't like it, you can always put it back in the auction.

A buyer who spends an afternoon polishing, waxing and sprucing up a car could easily sell it later at a profit. "There are," says Stock, "great elements who make a living by doing only that."

The book de-mystifies the whole car auction business. It takes the potential buyer through every step from choosing the car, checking it, bidding for it ("appear firm, decisive and cold during the proceedings") and what to do when you have bought it: "Don't start it up and roar off at great speed. However carefully you checked it, your purchase might be missing a vital part or two."

I have never bought or sold a car at an auction. But if I ever decided to, Stock's guide will be my companion.

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BOOKS

Elegant dissections of life in Britain

Julian Barnes has captured our national absurdities with deadly precision, writes Justin Cartwright

It may well be that Julian Barnes is our finest essayist. Some of the best bits of his novels are luscious essays: *Flaubert's Parrot* is, as has been pointed out, less of a novel than a brilliant and extended essay.

Letters from London suffers from no ambiguity of form. These are 15 essays originally published in the New Yorker. Their subject is the state of British society in the five years between 1990 and 1995. They have provided Barnes with the opportunity to write at length to a loose deadline. They evince an enormous care and craft and an enviable elegance.

Although written for an American audience, they do not suffer by that. In fact, as Barnes says in his introduction, he has become something of a foreign correspondent in his own country and as a result provides the British reader with fresh perspectives. I was particularly struck by what a fertile period for an essayist these

five years were, between the fall of Margaret Thatcher and the arrival of Tony Blair, and how quickly one forgets the comic aspects of our national life, as one ludicrous incident follows another. The last five years seem to have passed in a hizzard of absurdity, each new fall of snow obscuring the last.

The essays cover subjects as diverse as the plight of Salman Rushdie and the financial incompetence of Norman Lamont. Of Salman Rushdie's former wife Marianne Wiggins, Barnes writes: "She talked expansively to the Sunday Times about his character flaws... it... has an ironic side for those who knew her in pre-fiasco days. I remember, for instance, how she once winsomely declared

to me that she wanted, as a writer, to be no more than a mere foothill beside the mighty mountain that was Salman. Alas, when Mohammed came to the mountain, the foothill high-tailed it over the horizon." Sublime. Of Lamont: "He never seems to exude much confidence that he is Chancellor. I once saw a game-show on television in which the same piece of music was played three times, with a different conductor each time. The contestants had to guess which of the baton-waggers was a real musical conductor, the other two being by occupation bus conductors. Mr Lamont has always seemed the bus conductor type of chancellor." Incidentally, Barnes goes on to milk the comparison

rather; he has a weakness for trying to get a little too much mileage out of his jokes). His essays on Lloyd's, the World Chess Championship and Channel Tunnel are all wonderfully funny

LETTERS FROM LONDON
1990-1995
by Julian Barnes
Picador £6.95, 400 pages

and perceptive. They made me regret that we have no forum for this kind of considered essay. Instead we have a plethora of cheap and cheerful style journalism. One of the puzzles many of us have failed to crack is how Margaret Thatcher could have

appealed to so many people. Barnes describes a photograph in the *Downing Street Years* thus: "The Prime Minister is hanging out a speech while the President looks up at her with an expression of goofy awe... For a while, at least, during Reagan's sleepy-senior citizen act, Thatcher could pose as the dynamic ideas merchant."

She seems also to have appealed to slightly goofy Englishmen of a certain age, people like Kingsley Amis and Alan Clark. Clark's remark to her about Heseltine just before she stood down: "Who the fuck's Michael? No-one. Nothing. He won't last six months." is compared with her own, stuffy, account of the same meeting in *The Downing Street Years*. It provokes

this thought from Barnes: "It's hard not to prefer Clark's version. Had she been more of a Trollopean, she might have known to give *The Downing Street Years* its rightful, inescapable subtitle: 'She knew she was right'."

This led me to think about the nature of Barnes's essays. You cannot imagine Alistair Cooke, for example, turning such a cold eye on Britain. This master-class in the national sport of irony perhaps gives a clue to Thatcher's attraction. It may have been precisely because she had no sense of irony that she appealed to so many.

I was led further to wonder if there is not some defensive motive in this irony, which is reaching

plague proportions in Britain. If you have no blind, naive, enthusiasms you are far less vulnerable. It is only when Barnes allows a little enthusiasm to show (for Tony Blair), that his guard drops; he writes, in August, 1994, of Blair's commitment to educating his children in the state system.

There was another unintended side-effect of these 15 essays: I could not help thinking that on de la Rochefoucauld's principle - in the misfortunes of even our dearest friends there is something that does not entirely displease - New Yorkers must have taken delight in these elegant dissections of our national life.

Although he professes himself to be "wary of zeitgeist journalism and decade-summarising" this is just what Barnes has done for the past half-decade. He has captured it with deadly precision. His essays are a superb, corrosive, and witty account of our times.

The ingredients are macabre: a senile Duchess immured in the house where she had lived with a former monarch, who gave up his throne for her; a formidable female French lawyer who seems most closely to resemble that terror of the outbreak, the come toad; the lawyer's sidekick, a young Englishman who refers to her as "My Master"; a gallery of plaintive and elderly ladies with wits a bit on the blink which includes the monarch's ex-mistress; a ghastly homosexual millionaire with whom the Duchess was obsessed; an ambivalent butler; Queen Alexandra's jewels; a Sicilian detective. And cooking this heady stuff into a mad-dened soufflé, a writer who tries to see the Duchess.

The story is told by Caroline Blackwood in *The Last of the Duchesses* as she details her quest to see the Duchess of Windsor, her every enquiry blocked by the Duchess's lawyer, Maître Suzanne Blum, who is at once the villain and focus of the tale. Followers of the Windsor saga will know the central fact of this narrative: the sick and aged Duch-

THE LAST OF THE DUCHESS
by Caroline Blackwood
Macmillan £16.99, 230 pages

ess's retirement from the world to her Paris house after the death of the Duke. Addicts of the Windsors' soap-opera existence will also know of their exquisitely shallow café society life, the ex-King fretting about his wife's non-royal title, the Duchess turning decoration of herself and her homes into a career. Blackwood's bizarre narrative seems a fitting post-script to their lives.

In 1980, her brief was an article about the Duchess for *The Sunday Times*, with the added bait of photographs taken by Lord Snowdon. The run-ins with Maître Blum which ensued are presented as blackest farce, unreasoned, bizarre, and, as the reader soon realises, impossible to make public until certain of the characters had reached that bourne from whence no libel writ can be issued. Blum's capricious behaviour is the heart of an account which Blackwood wrote at the time but which is only now - following Blum's death last year, aged 95 - able to publish.

Blackwood prefaces her tale with a Collina updated by Joe Orton - with the significant statement that it "is not intended to be read as a straight biographical work. It is an entertainment... and, though it may not be either straight or biographical, it is indeed wickedly entertaining. Blackwood has a steady eye, a merry lack of discretion, and the good raconteur's gift of embellishing fact with farcical



The Duke and Duchess of Windsor: a soap-opera existence of exquisitely shallow café society life

Wardress of the Windsors

Clement Crisp on a wickedly entertaining story of the Duchess and her bizarre court

decoration. She also has a taste for nicely discredited footnotes, not least about the appalling Jimmy Donahue - Woolworth heir. Impossible guest, and the man with whom Wallis Windsor became infatuated - whose trick at grand dinner parties, when he was not groping the footmen, was to put his laden plate on his lap, place his member on top of the food, and ask the huffler to "slice it very fine".

In 1980 the Duchess was old, her health uncertain, her mind probably clouded. Intrusion by any journalist was unwelcome, and Blum's job was to prevent this. But her manner of doing so, and the obsessive fantasies she concocted about the Windsors - they liked to stay at home and read good books and listen to classical music; the Duchess never went to nightclubs - were aggressively

bizarre. Blackwood's portrait of Blum is etched in the acid of acute dislike and vestigial fear (what might she not do to those who crossed her, so formidable was she in life, as in court), and touched with wild caprice. Nothing escapes her unregenerate gaze, nor Blum's face-lift nor the gum arrangement of her furniture, nor her passion for the Duchess, to whom she is shown as wardress and hagiographer. Blum declared Wallis Windsor to be "exactly like Queen Mary" - a mind-boggler which Blackwood juxtaposes with a reminder of a photograph showing the elderly Duchess frenetically doing the twist in a nightclub, and looking extremely drunk. Not, as she observes, especially reminiscent of Queen Mary.

How she coped, or rather failed to cope, with Blum is a tale that finally proves less

than telling for being over-told. Her material is repetitious, and some fantasies are too wild - "I suddenly remembered that Maître Blum had tangled with Lord Mountbatten. With a chill, I remembered what had happened to him". What should have been a satiric and hilarious article - one where strictest veracity was less important than the verve with which the dirt was dished - has mistaken itself for a book. It is less than convincing on these terms, and the colours are too hectic. Yet another re-hashing of the Windsors' romance seems padding, and I found little interest in her analysis of the Duchess's character. There is, of course, the ever-joyful sound of old scores being settled, but I wish that Caroline Blackwood had made a little less clutter about it.



Suzanne Blum: Cerberus and hagiographer to the Duchess

A dark, rain filled night in the west of Ireland. There is an election rally in the town square. A man with a face ripe as a late season tomato mounts a rickety looking platform.

"And now, ladies and gentlemen, the moment you have all been waiting for..." (The sudden crowd looks decidedly unexpected.) "The man who we've all to be grateful for, the best politician we have..." (A few of the crowd drift off to the bars - the tomato, desperate now, throws out a final superlative.) "The greatest living Irishman..."

The politician in question is a complete seif. The sort of faze who gives the country a bad name. It is certainly not Conor Cruise O'Brien.

Donald Akenson dedicates his book on "The Cruiser" - all 490 pages of it plus another 256 of the man's writings - to "The greatest living Irishman". The trouble is there seem to be a lot of them about.

Akenson loves his subject. Even the picture on the book cover is carefully touched up in the fashion of those official portraits of Mao Tse Tung or Kim Il Sung.

A paean it is but this is not a bad book. In places it really shines, for O'Brien is an

Ireland's loose cannonball

Kieran Cooke on the (continuing) career of 'The Cruiser'

extremely gifted, interesting sort of fellow. He has led a rich life. He has strong opinions on any number of topics. He still bashes out trenchant, quirky newspaper columns. In 1992 O'Brien published *The Great Melody*, a detailed biography of his hero Edmund Burke - a work Akenson describes as the summit of Conor's intellectual career. He has remarkable stamina, both intellectual and physical.

"His working day - even in his late 70s - is as follows: at his desk writing, between 6 and 8am; write continuously, with a lunch break and a walk, until 5pm; then two points at the local, half a bottle of claret at dinner, several post prandial whiskeys, and then, with slurred speech, slightly whirling vision, and a wobbling walk, off to bed, to sleep soundly and wake and work early the next morning. This seven days a week."

Akenson does not show the same stamina. Early on his book is like a daily diary. By the time we get near to the

present day things are flagging. The book starts off in grand fashion, giving us full details of grandfathers and parents, the obligatory Joycean connection (James came to tea on Sundays at the grandmother's house), Conor's early fascination with language and his unconventional, non-Catholic, schooling. In a fiercely Catholic Ireland, Conor was, and still is, an agnostic. We go on through Trinity, a marriage, a book on Parnell, learning French and Russian, three children, a divorce.

The range of O'Brien's experience is indeed remarkable. He served as the UN's man in the 1950s' hoodlath that was the Congo and, appalled at what he saw as the cynical behaviour of the big powers there and the UN's lack of backbone, resigned from both the UN and the Irish foreign service. "The watershed that was the Congo episode made Conor a very different man" says Akenson. "He became serious; previously, he had been merely gifted."

Next came a difficult period as vice chancellor at the university of Ghana and fierce battles over intellectual independence with president Nkrumah. Again there was a resignation. On we go to New York and a further spell in academia. Conor went to Biafra. He wrote books and plays. He loved mixing it with the New York intel-

A BIOGRAPHY OF CONOR CRUISE O'BRIEN
by Donald Harman Akenson
McGill-Queen's University Press
Two volumes: £19.95, £25

ligentsia. He was firmly against the Vietnam war.

Then, in the early 1970s, the return to Ireland and to politics. "I only became a serious person in 1971" says O'Brien. "Before that I was an homme sensuel." O'Brien was too out of touch to be a good politician. Perhaps he was just too clever. Though he made it into the cabinet as a Labour minister in

the coalition of 1973-77, he was placed in charge of posts and telegraphs, hardly the most prestigious of positions for someone of his talents.

The civil rights movement was in full swing in Northern Ireland. The killings were mounting. O'Brien took the unconventional and politically deadly view that Ireland had no automatic right to rule the North. Way ahead of his time, he called for the dropping of Articles 2 and 3 from the Republic's constitution. He condemned the activities of the IRA every bit as strongly as his counterparts in London.

"I intend to administer an electric shock to the Irish psyche" said O'Brien in 1971. He certainly did - at the expense of his political career. He spent time in the North - something few southern politicians do, even now. He even talked to Protestants.

O'Brien produced *States of Ireland*, a book which expounded what was considered to be his sharply revisionist view of Irish history.

"He could put forward the teeth-rattling proposition that although the majority of people in Great Britain approved of Irish reunification, in fact the majority of people in the island of Ireland - north and south combined - did not want Irish unity" says Akenson.

To give voice to such ideas was political suicide. O'Brien was turfed out of office. Like a dance-hall gigolo, he skipped across to a life in newspapers and, in his 60s, became editor in chief of the Observer. Supplied with a soap box he used it to the full, taunting readers with his unpredictable but always highly readable columns on any subject that took his fancy.

More travel, more books. But there, apart from Burke, the story ends. We are told surprisingly little of the life and thoughts of O'Brien now. Where, for instance, are the virile descriptions of the late 1980s and early 1990s premiership of his arch enemy, Charlie Haughey? Where are the thoughts on what is happening in Northern Ireland now? Has the author also wobbled off with his whiskey glass?

For "The Cruiser" is still very much around, a loose cannonball on the Irish stage. Long may he remain so.

Fiction

Suspense and time travel

Stephen Amidon is a youngish American writer who lives in London (and contributes to this newspaper). He has become a confident novelist, as is clear from his new book, *The Primitive*. The story, of a (youngish) laid-back copy writer in a North Carolina town, is rapidly and crisply developed; David Webster accidentally runs a young woman off the road, rescues her; discovers she is an anonymous mystery, helps her, becomes infatuated. (The plotting problem here is skated over with brisk professional skill - why did he not take the injured girl home, or at least tell his wife, at the very beginning?)

But it is well done. "Burglar" is the sort of territory Amidon has staked out before, a small Southern city recovering from the departure of the local tobacco industry, "downsizing" by literally closing off whole chunks of the town. The wife runs the local Public Broadcasting station, which is also dying. The marriage is tired.

The girl Webster picks up, adopts, is seduced by, is evidently very bad news indeed and the suspense is well maintained. The end may be a bit of a let-down: you have been encouraged to expect something rather more appalling than art forgery.

These Same Long Bones is also set in North Carolina but is very different. It is an old-fashioned novel and none the worse for that. Gwendolyn M Parker - a former Wall Street operator who, in this first book, has opted for literature, and good luck to her - has set her tale in what appears to be a loosely autobiographical Durham, "the home of the Negro middle-class". In 1947 when segregation still ruled.

Sirus McDougald, a successful and respected black businessman, is near-deadly by the accidental death of his beloved young daughter. It is a novel about terrible grief, and the consequences. Sirus, who could pass for white and has been secure in the self-contained, even bourgeois world of the Hay-Ti coloured suburb

of the town, has to come to terms with this inexplicable tragedy, to help his wife, and to respond to the attempt of white business to recruit him in a shady property deal.

Parker's prose is not always effective, but she has a good ear for dialogue and has the wisdom to limit herself to a small cast of well-observed characters. It is an interesting, eloquent portrait of a time and a place. She was right to quit Wall Street.

Looking Through Glass, in

THE PRIMITIVE
by Stephen Amidon
Gollancz £15.99, 271 pages

THESE SAME LONG BONES
by Gwendolyn M Parker
Viking £15, 260 pages

LOOKING THROUGH GLASS
by Mukul Kesavan
Chatto & Windus £14.99, 375 pages

total contrast, is a lovely first novel by an Indian academic, a sort of magic realism borrowed from Latin America. The present-day narrator falls over a viaduct as he is taking his grandmother's ashes to the Ganges, wakes up in August 1942 and cannot get back. He is rescued by a Moslem family - he is all too aware, of course, of the fate that awaits him in the 1947 Partition - and gets caught up in all manner of earlier events and adventures, including meeting his ten-year-old grandmother.

"I was stuck with the certainties of blindness", he rightly observes; there are no doubt all sorts of philosophical angles available and Mukul Kesavan toys once or twice with the theme of "disappearance". *Looking Through Glass* is, to use a dangerous word, charming; it is also beautifully written and full of wit and humour (more fun than *Midnight's Children*). A pity that the end is fudged and fumbled.

J.D.F. Jones

The business of living

Dr Jon Pyke - the cunning man of the title and the narrator - is an eccentric middle-aged bachelor who, after witnessing the mysterious death of an officiating priest at mass, begins to reflect on his own life.

A thorough man, he goes back to the beginning - to his childhood in Sioux Lookout, a Godforsaken place in Northern Ontario where his father supervises a mine. We follow him through childhood to public school and on to university, where he trains as a doctor by day and discovers his art, Anglo-Catholicism, Faust, Freud, homosexuality and women by night.

During military service with the Canadian army in Italy and Oxford he reads narrative poetry to victims of shell-shock and begins to think of the connection between mind and body. Back in Canada he embarks on a medical career as a maverick diagnostician who seeks to treat not the symptoms but the deep causes.

And so Pyke grows old. There are episodes of vanity and hubris - he develops an unwise passion for a young journalist - but he finally achieves wisdom.

Flirtation ended, hubris curtailed, (and the mystery of the

priest's death incidentally explained), Pyke determines to make the best of his remaining years. He starts working on an intriguing work of literary criticism - an account of illness in literature and a free ranging diagnosis of the illnesses of literary characters. Pyke is restored in our affections.

At which point the novel closes. We have been on a journey of nearly 500 pages but it has been worth it. Pyke has discovered a truth about how

THE CUNNING MAN
by Robertson Davies
Viking £15.50, 450 pages

to live and, furthermore, Robertson Davies has pulled off an amazing coup. He has written a brilliant, never less than engaging work of fiction which is also a philosophical meditation on the business of living.

The Cunning Man is a novel about ideas as much as it is a novel about characters, but the writer is as cunning as his leading character when it comes to hiding the intellectual elements of the novel inside the story.

I have not read anything so good in a very long time.

Carlo Gèbler

BOOKS

The anteroom of power

The man who became Edward VII was the longest serving Prince of Wales in history. Born in 1841, he was given the title almost at once. Yet it was not until 1901, after a lifetime of apprenticeship, that he became King, and he died in 1910. His domestic life was not entirely stable and was often discussed in the popular press. Here is a book that could be about someone else in a similar position. Although George Plumptre is discreet enough not to say so outright, it is hard to read his *Edward VII* without the mind repeatedly straying to Prince Charles.

Some questions scarcely change with time. For example, how do you train a future monarch? Who does the training? How do you arrange (should you arrange) a marriage, especially if you have a royal who is not Catholic? And what does the heir to the throne do in the meantime if the succession is delayed to an age when most other people are retiring?

Edward VII, or "Bertie" as was known for much of his life, was trained like mad. His mother, Queen Victoria, thought that he was stupid. His father, Prince Albert, thought that he was lazy. Yet over the years some of the training must have rubbed off. Bertie went to both Oxford and Cambridge. He spoke fluent French and German. He joined the army, though without being allowed to serve in active combat, and he travelled all over the place: India, Egypt, the Holy Land, the US and Canada as well as Europe. By the time he came to the throne, as Plumptre slightly understates, his network of contacts,

at home and abroad, was "impressive". He also did domestic service as President of the Royal Commission on the honing of the working classes in the mid-1880s. He visited some of the worst living conditions in London in 1889 and was appalled.

Yet when his father died and his mother grew older and more reclusive, there was no great disposition to bring the Prince more fully into public life. Victoria had no intention of letting him see state papers.

Suggestions that he might play a role in India or Ireland were generally pooh-poohed because he might get in the way of the existing hierarchy of Viceroy and Governors-General, and, of course, the Queen Victoria. Gladstone thought that the Prince should be employed in government ministries to give him experience of state affairs and show the public that he was doing something useful, but lesser ministers objected. It was said that he would turn up for work on the first day, then slope off to the races for the rest of the week.

world would come with eight battleships, four cruisers, four destroyers and a despatch vessel."

He was a rake, but also an amiable eccentric. He resigned from White's club because he was refused permission to smoke in the morning room. In Canada in 1880 he watched the French acrobat, Blondin, pushing a man in a wheelbarrow across a tightrope over the Niagara Falls. The Prince volunteered for the return journey and had to be restrained, so Blondin went back on stilts.

His paid great attention to dress. The modern dinner jacket is a derivative of a short jacket he chose to wear in India to get away from the more formal Victorian style. As King he thought he could arrive in Naples without being recognised, but as an adviser observed, it was "rather absurd as no other human being in the

EDWARD VII
by George Plumptre
Penguin Books £19.99, 288 pages

High camp meets feminism

This refreshing, gutsy fighting spirit appeals to the commonsense, writes Jackie Wulschlager

What happens when an intellectual transforms herself into a popular entertainer? In Britain, it hardly ever occurs, but in America a line of female thinkers this century have assumed a political and cultural prominence. Following in the tradition of Dorothy Parker, Mary McCarthy, Susan Sontag and Gloria Steinem, the latest is Camille Paglia. Her new book, *Vamps and Tramps*, is a ferocious challenge to feminist political correctness as preached, for example, by Steinem.

Five years ago, Paglia was an obscure humanities professor when her first book, *Sexual Personae: Art and Decadence from Nefertiti to Emily Dickinson*, blazed into the bestseller lists and blasted literary criticism out of the academy and into the high street. With essays on Apollo and the Amazons, on the lesbian vampire in Coleridge and the cult of the erotic in Balzac, it was not only the sexiest book on the classics to have appeared for decades, but also the most politically radical.

Now, five years on, Paglia is the philosopher turned politician. Unlike *Sexual Personae*, *Vamps and Tramps* is written for the high street. Its subjects are Princess Diana and Madonna, date rape, pornography and censorship, sexual harassment, AIDS. It is a model of how a breadth of references to myth and literature can illuminate current debate - as happens too rarely in England. But it also shows how much is lost, in seriousness, honesty, complexity, when an original thinker plays propagandist.

The best thing about *Vamps and Tramps* is its commonsense. Forget date rape or a bit of sexist office banter, for example: rape should be simply "defined as either stranger rape or the forcible intrusion of sex into a non-sexual context, such as a professional situation"; anything less trivialises the crime and reduces sympathy for genuine victims. On wife battering, women who stay with abusive men are complicitous after the first attack. Prostitution should be legalised and "treated exactly like the vending of any commercial product". Feminists pity or rage at prostitutes and pornographers because "modern middle-class women cannot hear the thought that their hard-won professional achievements can be outweighed in an instant by a young bussy flashing a little tit and ass."

Paglia's rhetorical skill is to make it all sound so obvious that you feel you must be mad, naive or at least uncool to disagree. Her aim she says, is "deconstruction of the bourgeois code of niceness... I call my feminism streetwise or streetmart feminism."

What *Vamps and Tramps* is really about is the century-old battle between feminism and

psychoanalysis. Steinem addressed the issue in her spillingly puerile essay "What if Freud were Phyllis?" last year. Paglia answers by "calling for a massive restoration of psychology to feminist thought," but she does not follow up her case.

With her background in myth and literary archetype on the one hand, and psychology and "streetwise feminism" on the other, she is in a unique position to explore why feminism and psychoanalysis diverged so fundamentally from the 1960s on, and how they can be reintegrated. It is to be hoped that she will do so in the second volume of *Sexual Personae*, which is to fix on popular culture from 1900.

Meanwhile, *Vamps and Tramps* is amusing, self-promotional, high camp, perceptible, predictable, by turns. The strongest essays are those where Paglia's long view of history and myth come into

VAMPS AND TRAMPS
by Camille Paglia
Faber £10.99, 360 pages

play. The Lorena Bobbitt case will have for our time "the effect of a revolutionary act by a woman, equivalent to Charlotte Corday killing Marat in his bath just after the French revolution." The obsession with date rape will make contemporary America "look like a reign of mass psychosis, like that of the Salem witch trials." Princess Diana, whose public role evokes Cinderella, the princess in the tower, a pagan goddess, and the *maier dolorosa* of Catholic art, "a modern Mary with a taste for rock and roll," shows "ancient archetypes of conventional womanhood are not obsolete but stronger and deeper than ever."

The weakest moments are those where Paglia is boastful ("my meteoric rise"), relentlessly carping against pampered white girls and their "artificially pacified" suburbs, or personally vindictive, as in "Sonnet, Bloody Sonnet." But at her most relaxed, as in her diary of a visit to London last year, Paglia's self-obsession is irresistible. "The steward offers me bubble and squeak (a British dish consisting of fried leftovers) I am dumbfounded and think he is making a sexual proposition... I have ejected a belligerent reporter, considered an expert on feminism... I have gazed into her mind, and it is mush."

Paglia believes that her "raging egomania" and "platonic comic persona" have "helped restore free speech in America." Despite - or perhaps because of - its scholarly limitations, *Vamps and Tramps*, with its allusions to popular culture and drop-your-hra fighting spirit, suggests that she is right, and that she will be a refreshing and gutsy voice in Britain too.

The man who dared risk peace

Optimism has been Shimon Peres' most useful asset during his five decades in Israeli politics, writes David Gardner

Shimon Peres, who has articulated for Israel the stuttering peace process with its Arab neighbours, was seen as a pragmatist in his youth. Now as foreign minister in his 70s, after virtually five decades in Israeli politics and government - including as defence and prime minister - and as winner of the Nobel Peace Prize, he is rightly regarded as a visionary. On the evidence of this memoir he was probably always a bit of both, plus - most usefully for someone living in his neighbourhood - an optimist.

BATTLING FOR PEACE
MEMOIRS
by Shimon Peres
Weidenfeld & Nicolson £20, 402 pages

Born in a densely forested part of White Russia controlled between the wars by Poland, as a boy he used to sniff oranges from Jaffa, savouring "the heady perfumes of the beloved Land." Shortly after arrival in Tel Aviv he concluded that "sun-tanned people... were happy people."

He was an earnest young man, hating to the ground his parents' radio when they used it on the sabbath. He wooed his future wife by "reading to her, sometimes by the light of the moon, selected passages from Marx's *Das Kapital*." As a *Hibbatnik* he observed irritably that cows "seemed to lack any sense of solidarity whatsoever."

books, especially because "they based their own ideology firmly on the Book of Books, the Bible." His uncommon respect for words shines out from his own book - even if it has been edited (well) by David Landau. An unexpected pleasure, for instance, is his chapter on Francois Mitterrand.

Invited to Mitterrand's cottage in the Pyrenees, Peres combs surreptitiously through the French president's books. "This was not the library of a collector, but of a reader," he notes, adding with delight that the open Bible by Mitterrand's bedside was "the Bible of a Bible-reader." He records revelations of the young Mitterrand's relations with the wartime Vichy regime, but this is easily overshadowed by his excitement at the Frenchman's biblical insights.

Peres has been close to French statesmen throughout his career, another main strain of which has been the procuring of arms for Israel's defence. France has been vital in this endeavour, in particular by providing the reactor technology which started Israel on the ladder to a nuclear weapons capability. Peres was chief coordinator of the nuclear option, but reveals little about it here: except, perhaps, in the way his career underscores how far Israeli nation-building has rested, on the creation of an extraordinarily sophisticated military and security establishment.

Peres recounts interestingly how the making of war and peace looks from the inside, but adds little that is new. He confirms that the attempted assassination of Israel's ambassador to London in 1982 served merely as a pretext for the Israeli invasion of Lebanon, all but prepared by the government of Menachem Begin. He pretty well confirms that Jericho was added to Gaza as the territory from which the Palestine Liberation Organisation was to start its own nation-building efforts, in order to steer the Palestinians away from their claim on occupied east Jerusalem.

The status of Jerusalem, and much else that should have been sorted out by now like the withdrawal of Israeli troops from the West Bank and Palestinian elections, is on hold, with



Peres' rival - prime minister Yitzhak Rabin - and PLO chairman Yasser Arafat still to demonstrate that they can lead their peoples to the historic rapprochement set up by Peres. Peres quotes from a letter marking

Arafat's first direct intervention in the secret Oslo peace talks of 1993: "our need for this step is apparent to you, and your need to take this step is apparent to us."

one of his own letters of that time, denoting exactly where the Israel-PLO accord, and the whole Middle East peace process, now risks implosion. The biggest risk of all is the inability to take any risks."

A quantum leap in the dark

Physics sits at the centre of that momentously successful enterprise, science. So how can it be that the central part of physics itself - quantum theory - is so riddled with mystery? According to Richard Feynman, no-one really understands quantum theory. It presents us with a really bizarre picture of reality: a picture which we have only succeeded in making intelligible by supposing that the existence of reality depends on our own minds. This view is known as the Copenhagen interpretation named after the work of Niels Bohr and his colleagues, and it might offend Einstein, whose realism could not accept that the universe is somehow dependent on our observations of it.

Einstein is not alone. Many physicists have attempted to devise theories of quantum reality capable of explaining its quessiness. In this characteristically lucid and entertaining book John Gribbin sets out to explain the problem and a possible solution.

In quantum mechanics light is described as both wave and particle, and can be shown in the laboratory to behave as one or other according to circumstances. The two-slit experiment is the classic exemplification: if light is shown onto a screen through a pair of slits, a

pattern of bright and dark bands results, thus confirming that light consists of waves - for waves interfere with each other as they ripple outwards from the slits, some of these joining forces to make bright bands on the screen, others cancelling out to make dark bands. But if one of the slits is closed, the light passes through the other slit like a stream of particles, impinging individually as dots on the screen.

This "duality" is strange enough, but even more puzzling is this: if one of the slits is opened or closed after an individual photon has been fired at the other slit, the photon seems to know what has happened: for if the other slit is open, the light behaves like a wave, but if it is closed, it behaves like a particle. It is this extraordinary fact that generates the deepest questions about the nature of physical reality.

The Copenhagen school explains these phenomena by considering matters strictly from the observer's viewpoint. On their theory, the observer influences the total experimental situation in such a way that its results are determined by his measuring activity. Whether light appears as a wave or particle is accordingly a function of the observer's presence. This makes reality

depend on our minds - just what Einstein rejected. The alternative to the Copenhagen view, however, seems to be equally unacceptable. It is that, in effect, quantum phenomena coexist with one another instantaneously, even if they are huge distances apart; or somehow know in advance what is going to happen: for only thus would the photons in the two-slit experiment know how to behave, depending on whether the other slit is open or closed. So

SCHRODINGER'S KITTENS
by John Gribbin
Weidenfeld & Nicolson £18.99, 261 pages

we are on the horns of a dilemma: either reality is in some sense created by us, or an idea Einstein also flatly rejected - physics has to allow that information can pass through the universe at speeds greater than that of light - which is the same as saying that time can travel backwards.

Why has the phenomenon of "risk" become such a hot topic of debate and analysis in recent years?

It would seem that as we fast approach a new century many of the old certainties - whether political, economic, or intellectual - are crumbling fast, with the result that the uncertainty principle of quantum physics, already prefigured in Nietzsche's "nothing is true, everything is possible" and Marx's "all that is solid melts into air", has become a daily experience of reality for late-modern citizens.

We live in an ever-changing world in which speed is king and in which nothing can be taken for granted, whether we are talking of jobs for life, security of financial investments, or the future of the family and a whole array of modern social institutions. We are all risk agents now, and as a result, individuals, businesses, institutions, and governments are seeking expert advice on how to manage risk.

It is the provocative contention of this book that "risk management" is oxymoronic: risk cannot be managed on any perfect model, which is what makes it genuinely risky.

As the author points out, humanity can be divided into two types. First, we have Homo rudens for whom life is based on prudence, rationality, and caution; second, we have Homo aleatorius, for whom life is a great gamble, all is chance. What is inconceivable, how-

ever, is the attainment of a zero-risk life. For example, the pursuit of a risk-free life by staying in bed is full of risks and would result, paradoxically, in an early death from either starvation or apathy. It is more than likely, however, that death by boredom would set in first.

Much of the safety literature, Adams argues, either ignores Homo aleatorius or seeks to

reform him. The position adopted by our social controllers and political regulators is that people's risk thermostats are set to zero, or should be. Unlike earlier periods of history, including that of industrial societies, the "risk" which is peculiar to our post-modern condition is not characterised by ignorance but by knowledge. As the German sociologist Ulrich Beck has pointed out, it is not the deficient character of our mastery over natural and social forces which accounts for the production of risk, but, on the contrary, our perfected grasp over these forces. In other words, in an

study of risk. He is particularly good in attacking the view held by many holier-than-thou "greeny" intellectuals who hold that while the world may be an increasingly precarious place to dwell in, it is possible for humankind, with the help of sensible science and strong government, to create for itself a neat little pocket of safety and shelter in which it will identify for itself the limits beyond which it will not go. Not only does this vision of safe living require an authoritarian, busy-bee politics to implement it, but it runs in the face of what contemporary science teaches us about the world: namely, that life operates out of control and chaos is the order of the day. In order for human beings to be able to adapt to the far-from-equilibrium conditions of late-modern existence, risk has to be affirmed as an ineliminable feature of their existence. If moralising governments are fast becoming relics of the past, then the same fate awaits the dictating intellectual.

Keith Ansell Pearson

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ARTS

Television/Christopher Dunkley

A satellite with ambitions

Satellite television is still widely perceived as yoh television: programming for the sports-mad lager drinker, for the couch potato who will watch anything described as a "movie", for those who positively like old American soap operas or non-stop pop music or channels devoted entirely to repeats.

Yet there are satellite channels with higher ambitions, notably Discovery which describes itself as providing "factual programmes on every aspect of life on this planet". If there is such a thing as a documentary network, it is Discovery. So what would it bring you, assuming you subscribed to a cable service or bought a satellite dish?

Like so many satellite channels, Discovery shows considerable numbers of repeats bought from the terrestrial networks. Last night, for example, at the peak hour of nine o'clock it was repeating *Around Whicker's World: The Ultimate Package*, in which Alan Whicker accompanies a plane load of rich, elderly, holidaymakers on a whistle-stop tour of some of the world's most famous destinations. But the channel also commissions its own programmes and has begun a season of documentaries called "Outlaws", which will detail the lives of ice hockey players, motorcycle messengers, and so on.

The series began on Wednesday with *Girlz n The Hood*, a 30-minute study of the female members of the notorious neighbourhood gangs of Los Angeles. Unhappily this promised more than it delivered. Shot on lightweight video, it did get in among the (mostly grossly overweight) "girlz" such as La Rascal, La Chunky and La Clumsy. But for all the tough swagger in the

voice-over - "They're outside their territory, flashing their signs, a clear sign they're here to rumble" - at the first hint of trouble the programme makers turned tail and fled. Did the girlz rumble? Who knows. Ninety per cent of the activity was about as violent as you would expect at the Wimbledon One O'Clock Club. The climax came when a couple of whale-sized females grabbed hold of each other's blouses and would not let go. Golly.

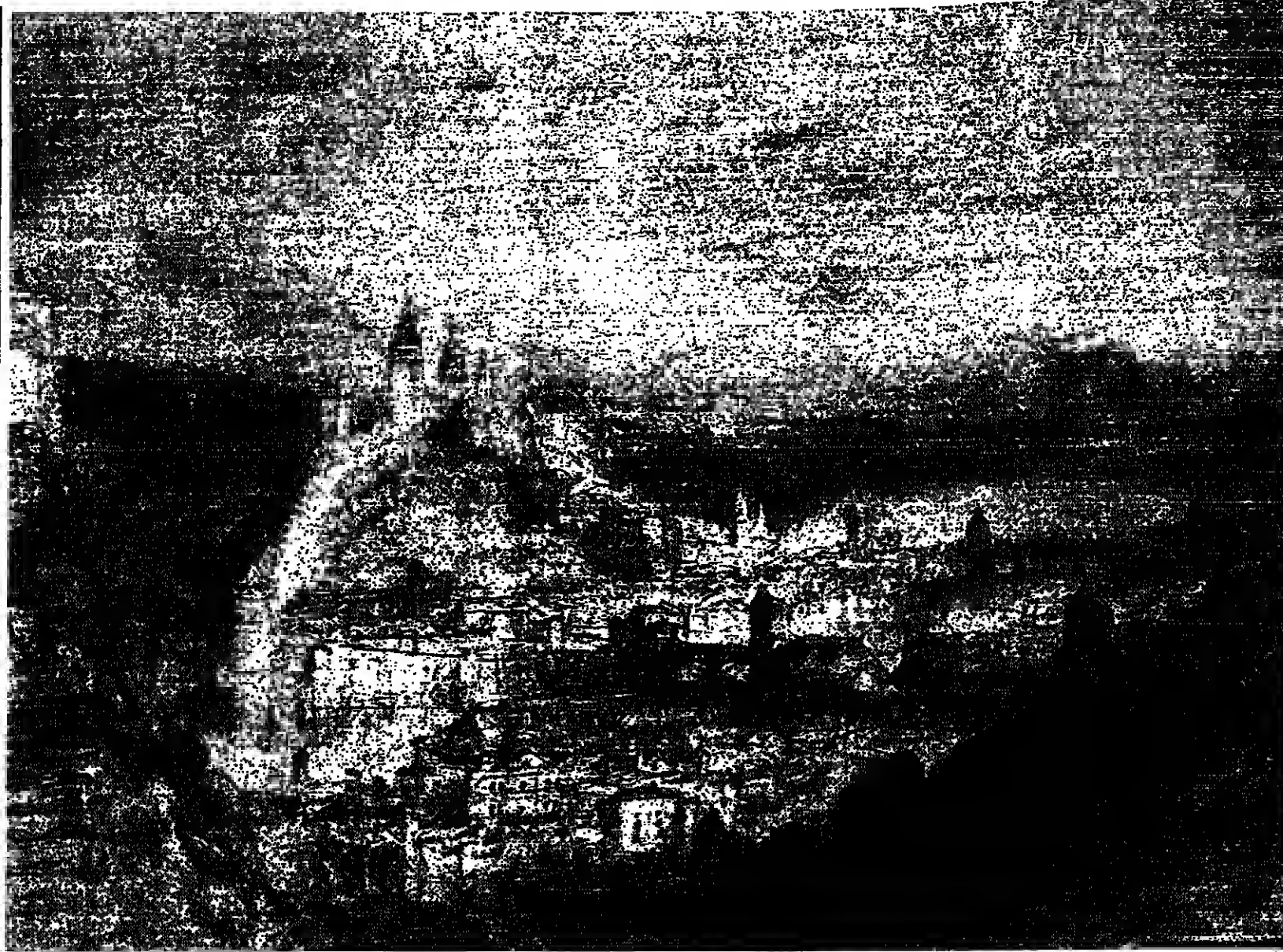
According to the network's own publicity, the highlights for the month of April will include *Arthur C. Clarke's Mysterious Universe*, *The Himalayas* and, beginning at the end of the month, a short season called "Full Metal Jacket" to mark the 20th anniversary of the fall of Saigon. The Arthur C. Clarke programmes may seem familiar to anyone who remembers the 1980 ITV series *Arthur C. Clarke's Mysterious World*. Each of those began with the inventor of the communications satellite and author of 2001 wandering along a palm-fringed beach in Sri Lanka making brief gnomish utterances about the abominable snowman or poltergeists or some such. Then came a 25-minute film by somebody else, followed by another 90 seconds of guru Clarke regisally assuring us there was probably some perfectly rational explanation, whatever the phenomenon.

Nothing much has changed. Clarke, now 78, tops and tails the programmes from Sri Lanka, standing in front of a fire engine while introducing someone else's programme about spontaneous human combustion (allegedly, that is) or relaxing in his sarong to comment briefly on those nutty American accounts of abduc-

tion by aliens in flying saucers, the like of which now crop up once a month or so. From a surgeon there is a splendid account of gases from the human stomach being set on fire by a spark during an operation - though, as the doctor emphasises, this was perfectly ordinary combustion, not spontaneous. Other editions will cover the usual stuff: crop circles, out of body experiences, the mystery of the Easter Island statues, and so on.

The *Himalayas* is a more solemn series: conventional travelogue with lots of dramatic pictures of cloud whipping across high peaks, water rushing down mountainsides, Tibetan monks, and talk about monsoon rains, deforestation, and the toughness of the Sherpas. It all brings to mind those films that geography teachers used to show in the 1950s after the summer term exams were over.

If all this sounds somewhat passé so be it; that is the way it seems. However, there is one programme coming up which those with access to the Discovery network may want to catch. The edition of "Outlaws" this coming Wednesday, called *Kings Of The Rigs* shows what life is like for the owner-drivers of some of those huge lorries which now roar up and down Britain's motorways. Once again this is, technically, a pretty conventional piece of programme making, yet it is a remarkable achievement given that it is the first programme to be made by producer/director Steve Finelgan. He concentrates on two men and one woman, conveying with admirable vividness their love of the job, their peculiar independence, and the amazing specification of the "rigs" which now come with double beds, television and showers on board, as well as CB radio.



'Lucerne from the Walls: Sample Study', 1841-2 by Turner; Ruskin's original selection of the artist's watercolour sketches has been reassembled for the first time

Ruskin's view of Turner

In the summer of 1840 when they first met, John Ruskin was 21, Turner 65. They were introduced by Thomas Griffith, Turner's dealer. This meeting launched a relationship of the greatest importance to the subsequent critical reputations of both men.

By the time of Turner's death in 1851, the publication of the early volumes of *Modern Painters* had long established Ruskin as a critic and as the artist's greatest and most controversial champion and apologist. In 1856, presented with the task of putting Turner's Bequest, then lodged with the National Gallery, in order, Ruskin's principle concern was for the work on paper - the watercolours, the drawings and sketches. By the end of 1857, he was to admit that he had seen barely a fifth of the 19,000 such studies to be catalogued.

He proposed to make a selection for display of about 100 watercolours that

would represent at once Turner's later travels, his formal interests, his working methods, and the relation of it all to the finished work. Eventually, he won the approval of the Trustees of the National Gallery for his scheme, based on a notional circular tour through France, Germany and Switzerland to Venice, culled from the work that Turner had done on three journeys into Europe in the early 1840s. Ruskin felt he shared a particular sympathy with Turner for the great spaces and grandeur of the mountains and had sought out many of the spots where the artist himself had stood before his subject.

And now, in the Core Gallery at the Tate, Ruskin's initial selection has been reassembled for the first time since he made it. It is an astonishing and ravishing show, even to us who are now used to the fleeting, even perfunctory but always beautiful qualities of the notes that Turner made on his travels. In a time when the expectation was for

something much more finished and resolved in an exhibited watercolour, the effect upon the public must have been even more radical and remarkable.

But it is Ruskin's own response to the work in the annotated catalogue he drew up, that gives the exercise an added and peculiar charm. How quirky he is, how literal, how unexpected, how wrong-headed, how profound. Certainly he makes no secret of his didactic purpose, for poor Turner is to be exposed in the kindest way as much for his faults as for his virtues.

No opportunity for instruction is lost by Ruskin. His "poor Turner" could not draw the distant fortress; having got into a great mess, he redeems it very nearly by the two dark cypresses... Again, "we... rub the colours about till all assume an expression of malaria fog, which we did not intend". Now "this cliff is a masterpiece of drawing. It is not possible with the given number of touches to indicate

more faithfully the form of a chalk precipice, or the way it breaks into turf at its brow". Another is "the grandest subject... I wish I knew where it was; and who the baron who first perched himself on that overhanging rock on the left." Yet another is "out and out the worst sketch in the whole series; disgracefully careless and clumsy". And then, with "an example of Turner's slightest work in his grandest temper", all is right again. "There is no laziness, and no failure; but intense haste, and concentration of power; every line and blot being of value." Amen to that.

William Packer

Through Switzerland with Turner: Ruskin's First Selection from the Turner Bequest. The Tate Gallery, Millbank SW1, until May 7, sponsored by Switzerland Live, Pro Helvetia Arts Council of Switzerland, and the Swiss National Tourist Office.

Radio/Martin Hoyle

Right to interrogate

Last week with almost uncanny prescience this column acknowledged the tension between BBC interviewers and the increasingly truculent respondents from the ranks of the Conservative government. The latter are now at their old tricks (remember Norman Tebbit's witch-hunts?), howling foul play when not allowed to shout down their interlocutor or hounded into giving a straight answer to a straight question.

But then, to use the language of politics, if it doesn't hurt it (in this case journalism) isn't working. Paxman, Humphrys, Naughtie et al are asking the questions that thousands want answered. Part people's champion, part devil's advocate, the interrogator is not engaged in a PR function. By definition, those in power have the cards stacked in their favour; and at a time when government has never seemed more remote, unheeding and contemptuous as regards the governed, we rely on the media, some of them, to remind the powerful of our existence. That the BBC offends all impartially, from Harold Wilson's "yesterday's men" onwards, is a sign that they are doing something right. Brow-beating the BBC is seen for what it is: the panicky last resort of Macbeth lunging at the unstoppable Birnam Wood with a pair of secateurs.

The week started well, with Radio 5's *Now the Good News*, an improbable title these days. The man with no arms who had refused artificial limbs and

manages mainly with his feet sounded totally normal - no, actually such jollity and balanced good humour are not all that normal.

More good news: in Dundee they have invented "supercrete", an earthquake-proof concrete, and have raised funds for its development, in the time-honoured unsubsidised British way, via a Highland radio station more used to promoting scenes and home baking. The pleasantest news is that Eddie the Eagle, he of the cheerfully disastrous skiing record, has become rather a good interviewer. I don't know how he would stand up to a cabinet minister, though; as I said, he deals with good news.

Radio 4's bias to the transatlantic has been noted by other listeners besides myself. Radio 3 is making amends with its emphasis on things British for the Purcell tercentenary, the 50th anniversary of peace and what have you. *The Great Levittian* surveyed the rise and decline of the post-war welfare state, with some surprises. The concluding paradox pointed out that under Thatcher (who accepted when nearly half the national income was spent by the state) there was a secondary growth of state power into our present quangoocracy, an unlovely word for an alarming phenomenon. Interesting to learn that we were the first nation to conduct social surveys, even if we appeared not to know what to do with them. Sad to realise

that vengeful or envious politics have blundered what Conrad Russell reminded us should be "the greatest good of the greatest number". Inflicting pain for an abstract ideal has taken over, be it on unmarried mothers or public schools. Lord Hallsham opined that the Conservative party should be led from the left, Labour from the right. It was as evocative and nostalgic as a 1963 *Top of the Pops*.

In those days we would have been sufficiently culture-conscious to know that a string quartet does not consist of two instruments, unlike Michael Rosen in *Any Questions*. I once heard this expert on children's books stoutly defend Disney's film versions of English classics against their (by implication) over-precious detractors in such a way that I wondered if he had read the originals or realised what they were about. He should join Laurie Taylor in *Speaking as an Expert* (Radio 4), if he can stop recollecting from the intimate tone with which Taylor suggests that his listeners are all co-conspirators. Last week's attempts to pass himself off as a brain-storming PR man was glib beyond the call of satire. Taylor is one of these all-purpose BBC chat types, like Robert Robinson, all facetious padding and jocular self-deprecation. A child once said of Hermione Gingold, "Mummy, what is that lady for?" Of a whole breed of broadcasters who broadcast just because of the self-perpetuating propinquity to a microphone, the same question might well be asked.

These are hard times in Hungary. Faced with a mountain of debt the government has just devalued the currency, axed budgets, and raised taxes. And yet, on the surface, the Budapest Spring Festival, an harmonious three week flow of music and dance, glides smoothly to its conclusion this weekend.

For director Tamás Klenjanský, organising his penultimate festival, the real dramas take place behind the scenes. Under the communists, culture was famously favoured; now the traditional structures are cracking and scarce resources are needed to modernise the economy. The audience is also reduced, enjoying the freedom to spend its surplus cash on portable phones and Italian fashions rather than opera tickets.

So far the arts have survived the transformation to democracy relatively unscathed: there are 26 theatres in Budapest alone receiving some kind of subsidy. A visit to the gilded Budapest opera house still costs £3 or less. The tough decisions of the market place - to concentrate the same, or reduced, resources on the few that are best - have yet to be taken, although the 1997 festival will be shorter and contain more high profile foreign artists.

But it will survive. Klenjanský is delighted that he has just been invited to join the "Club", a group of directors of the world's leading arts festivals - Edinburgh, Salzburg, Avignon and others - who swap gossip, ideas, and artists. This is confirmation that Budapest has arrived. The festival started in 1980 as a showcase for local talent and to boost tourism. In 1990 its future was in doubt. It is now financed by the city of Budapest, the travel industry, and, increasingly, sponsorship. The government stands back, no bad thing. One distinctive feature is the press of young people at every performance, suddenly emerging at the gangways as the lights go down: they are encouraged to fill any unsold seats. Klenjanský also makes sure that surplus seats (the festival achieves an impressive 70 per cent capacity) go, at knock down prices, to pensioners, students - and teachers, whose salaries have been left behind in the new, business dominated, environment.

Rhapsody in Budapest

Antony Thorncroft reports on the spring festival

This philanthropy is shown in the generosity of artists appearing in the Budapest festival. This year choreographer Pina Bausch premiered a new work, *Carnations*; her Wuppertal company was not charging German rates. The Camerata Academica from Salzburg visited regional towns for nothing after its Budapest performances. Composer György Ligeti will come to the 1996 festival to lecture, and will give his fee to local arts foundations. Zoltan Kocsis, the Hungarian pianist turned conductor, deeply romantic, version of Bruckner's Eighth Symphony last Sunday, also returned his fee, while the orchestra, the Hungarian Festival Orchestra, played one performance for nothing.

There are still privileges festooned on the arts. At the Opera House, for example, the ballet company can mount a lavish festival season of works inspired by Shakespeare. Cho-

reographer László Seregi has created a new *Turning of the Screw* to add to his ten year old *Romeo and Juliet* as part of a season which also includes a *Moor of Venice* (*Othello*). The Budapest Festival Orchestra re-introduced Bruckner to Budapest for years politics banished him, and Mahler, in favour of Bartók and Kodály, and sounded superb; it only plays 50 times a year and each concert is rigorously rehearsed. These good elements of the bad old days leave a legacy that must somehow be preserved.

But politics still dominate in Budapest. Klenjanský has to organise an arts festival without the total co-operation of the directors of the opera house and the national theatre - who were re-appointed the day before the last election by the outgoing conservative government, and who are not in sympathy with his cosmopolitan programming. However, the newly deco-

rated, late 19th-century exhibition hall on Heroes Square was ready in all its arts and crafts splendour to receive displays of art from Kunsthallen in Germany, Austria, Denmark, Sweden, and elsewhere. These 19th century temples of the contemporary arts were a foreign concept in the UK and discovering idiosyncracies such as this ensure that foreign festival going is an invigorating experience. Also invigorating is confronting unknown icons, like the Hungarian operatic epic set

in the 13th century *Bank bán*, and Kálmán's exotic operetta of 1915, *Csárdás Princess* - a tale of a nobleman's love for a night club singer which was regarded as decadent in communist times.

Next year the Budapest festival traces the relationships between European creativity and the exotic - Debussy inspired by the gamelan music of Indonesia, for instance; Peter Brook by Indian sagas; Ligeti by Africa. That, anyway, is the idea. Much could happen before next March. But something exciting will occur in a city which has embraced the west with an easy sophistication while retaining its own national pride and identity.

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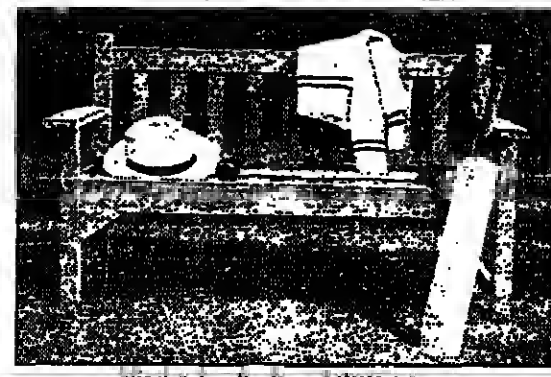
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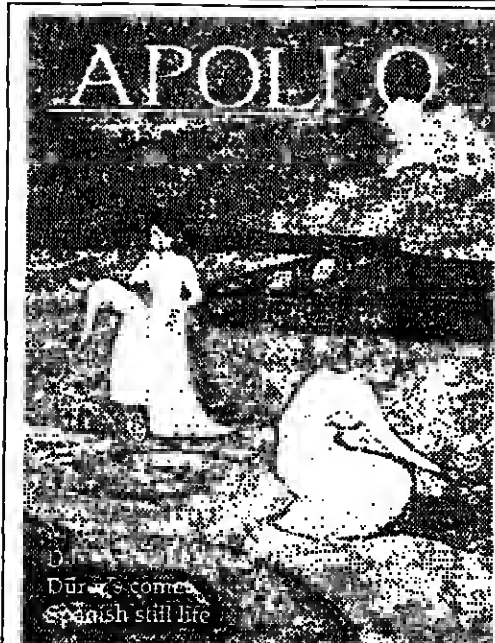
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TRAVEL

A treasure island guards its heritage

Providence, off Colombia, is an endangered paradise, says Sarita Kendall

The destiny of the Puritans who sailed to America on the Mayflower is familiar history, but those who set out 10 years later for the Caribbean aboard the sister-ship Seaflower have long been forgotten.

They were hardworking people running from religious and political problems in England, trying to find the golden road to El Dorado.

"When they reached Providence Island they found a beautiful wilderness, with mahogany and cedarwood for building ships, fresh water and a rich soil," said Virginia Archbold, president of the island's municipal council and an historian consulted by everyone who delves into the fascinating local geography.

The financial and religious backers of this small expedition thought their tropical Puritan settlement would become more prosperous than the chilly New England colonies. Yet, within a few years, the island had become a less-than-godly pirate stronghold, a base for raiding Spanish galleons in the western Caribbean.

In 1641 the Spaniards launched a successful invasion from Cartagena and today Providence is an unlikely English-speaking outpost of Colombia where church-goers in flowered silks and Sunday suits recount tales of treasure.

Circling the island is a road travelled by gas-guzzling American taxis from the early 1970s, noisy scooters and cycle riders herding cattle. Above the road, steep volcanic hillsides rise to rocky peaks of more than 1,000ft. Most of the big cedars have gone, but woods still cover the upper slopes and streams spill down to flatter land where guavas, oranges, mangoes, banana and cassava grow.

A long pink and blue wooden bridge links Providence to the smaller island of Santa Catalina, inhabited largely by seafaring and fishing families. Some 4,500 people live on Providence, many of them descendants of adventurers, pastors, sailors and African slaves who settled on the island more than 150 years ago.

"Island natives are practically like a tribe," said Raul Howard, who pointed out that there are really three languages spoken on Providence, or Providencia, to give it the official Colombian name - standard English, Caribbean English and Spanish.

"Around 1900, when I was at school, we had to change language and religion from one moment to another... English to Spanish and Protestant to Catholic. Until then Colombia had left us alone. But they started interfering, and so separatist ideas

developed here. Now the new constitution states that Colombia is a multicultural country, that we can keep our language. This is good for us."

Islanders have an ambivalent attitude to the "mainland", particularly when they talk about the fate of neighbouring San Andres, which has been thoroughly Colombianised during the past 30 years. Although San Andres, at 26 sq km, is only 30 per cent bigger than Providence, it has more than 10 times the population. Colombian tourists pour into the big hotels during holiday periods and return to the mainland laden with televisions, microwave ovens and other duty-free goods.

In contrast, Providence's tourist trade is incipient - last year 23,000 people visited the island - and it has none of the cocaine-financed eyesores found on San Andres.

One can leave possessions unattended and walk anywhere at any time

"We're just in time to save the island, but it has to be now," said Jaime Valderama, director of the Trees and Reefs Foundation.

"The council has approved a development plan drawn up with a lot of participation. Recent laws give Providence room for autonomous decisions on controlling immigration from the mainland, the exploitation of natural resources and other matters."

Richard Hawkins, also of Trees and Reefs, is the guardian of the peaks. Heading uphill and wearing faded denim, chunky Indian necklaces and Rasta beads, he swung his machete to cut back branches of coquepur, a plant whose seed pods hide furious, stinging ants. Twisting vines and orchids clothed the trees and tiny silvery snakes darted under stones by the path.

"Climbing to the peak is easy. The hard part is leaving," he said. With the island unfolding to coconut palms, brightly painted wooden houses and a white sand beach below us, I had to agree. The most beautiful thing about Providence is the multi-coloured sea. It breaks over the long reef that protects the island, changing from the indigo of the depths to a medley of

transparent aquamarine, turquoise and royal blue in the shallows.

Although the turtles which were so persistently hunted during the 19th century are scarce, there is still an extraordinary annual reproductive orgy when millions of crabs scurry down to the sea to lay their eggs. Spiced crabmeat with coconut rice is typical island fare.

For the past three years the Civic Movement has been fighting to stave off three large hotel projects backed by outsiders. The movement's leader is Josefina Huffington, a small outspoken dynamo who runs a hotel and restaurant in the main tourist centre, Freshwater Bay.

She says the door to Providence is now closed, that the islanders are not going to sit by and wait for the bread to be taken out of their mouths, nor are they prepared to watch while mangroves and beaches are destroyed by large projects.

A former mayor approved the projects illegally, according to the Civic Movement, which even went to the extent of holding a demonstration on peaceful Providence. The new mayor, Ridley Huffington, says he is also against the mega-projects.

"They'll leave us nothing but tin cans and rubbish and problems. We need more and better cabins, restaurants and services but they should be in the hands of islanders. The municipality is the biggest employer here - 70 per cent of the budget goes on salaries - and tourism can generate more employment for everyone, farmers and fishermen included, if we do it right. Providence is special, but we have to keep it that way or people won't come here," he said.

One of the special things about Providence is that one can leave possessions unattended on the beach, accept a lift without a qualm and walk anywhere at any time. But drugs have begun to arrive and the mayor says there is a great temptation for young people to earn easy money by making a cocaine run to central America.

Dr Catia Reeves, who runs a health and pregnancy prevention project for young people, says they have nothing to do in their free time: "It's so easy for them to fall into drugs and early sexual relationships. The last mayor kept promising a place for clubs and activities, where they could learn island dances like the waltz and the schottische... young people don't know about island history and traditions."

There is little visible history on Providence, apart from the old cannon on the fort guarding the entrance to the main anchorage. But Virginia Archbold is a



Riches of the sea: many of Providence's fishing and seafaring families are descended from adventurers, pastors, sailors and African slaves. Sarita Kendall

fount of oral traditions, including treasure stories.

One concerns the legendary pirate Henry Morgan, who used Providence as his haven while planning the sack of Panama. When he brought a looted fortune back to the island, he asked who among

his followers loved him most. He ordered the four who stepped forward to help him bury the 40 boxes of gold, then killed them so they would guard the hoard for ever.

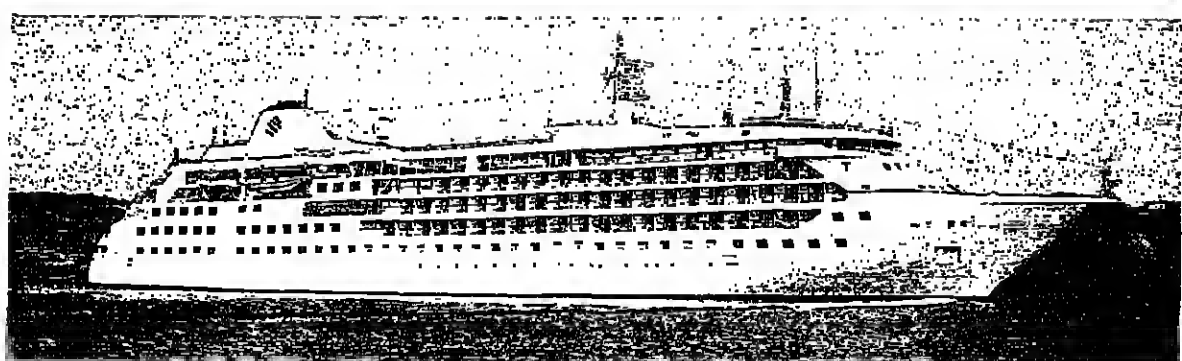
Richard Hawkins believes that Providence's real treasure is found in nature, history and culture. "The few turtles left

don't come to our bays any more because we're stealing sand from our own beaches to build septic tanks and roads. We kill them, take their eggs and drive them away. If we don't watch out, we'll destroy our own island and have to abandon it like a sinking ship."

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Under a Buddhist moon

Michael Bond finds the spiritual heart of Tibet in Lhasa

Seated at the next table in the Lhasa restaurant was a small group of monks dressed in splendid deep red cloaks. They ate with slow deliberation and talked quietly among themselves. Their attention, however, was focused almost exclusively on an old, slight man. He was dressed as the others but from the tender respect with which he was treated, it was obvious he was not one of them.

As the party was leaving, I asked one of the younger monks about this man. He was, it emerged, a high lama, a "Rinpoche" or Buddhist master, one of the most revered in Tibet. For the past seven years he had been on a pilgrimage to Lhasa from the north, prostrating himself on the ground with every step for 1,500 miles.

He had survived intense sun and cold, starvation and other unimaginable hardships along the way. To us, it seemed like a task of extreme endurance, yet to him it was simply a spiritual journey, a small step along the path to enlightenment - that selfless, all-seeing state of compassion which is the ultimate goal of all Buddhists.

In the chill of night we wandered to the Jokhang Temple through the same dark alleyways in which we had lost ourselves earlier. The Jokhang is the heart of Lhasa and the most sacred place in Tibet. It was built in AD647, and although most of its artwork dates from the 18th and 19th centuries, certain seventh-century columns and door frames remain.

By day, the Jokhang hums with the mumbled mantras of Buddhist pilgrims. By night, it belongs to the few monks who live inside and the packs of dogs which roam the square outside. That night it also belonged to us. We stood before its bolted wooden doors, on flagstones worn to the texture of marble by generations of pilgrims prostrating themselves in reverence and tried to imagine what selfless quest for some eternal mystery drove people such as the high lama to travel hundreds of miles to throw themselves before it. Before long we were driven from our sacred spot by a clutch of crazed dogs which danced at our heels the whole way back to the hotel.

Later that night, I returned to the Jokhang alone. The moon was bright enough to light the streets, casting a spir-



Up on the roof: chanting monks are the voice of Tibet. Michael Bond

itual glow over the city. I stood facing the temple and behind me the wind gathered up the debris of the previous day and flung it across the street so that it rattled on the stones before the temple and seemed to be filled with spirits of its own.

By day, such insinuations are cast to the back of the mind, yet the Jokhang the next morning still held something of the mystic aura of the previous night. The temple is fronted by eight red, tapered columns, above which is a balcony covered by a heavy red curtain from which the Dalai Lama's cabinet used to watch religious ceremonies. To the left are two giant prayer wheels, turned by pilgrims as they enter the temple, and overlooking these is the second-floor room in which the Dalai Lama used to stay during the three-week Monlam, or Great Prayer Festival.

I passed through the small entrance vestibule and the great red doors closed behind me in preparation for the morning's prayer session. Inside was an oasis of peace. I was in the main assembly hall. To my left three monks sat

cross-legged on the floor at a low table, chanting prayers in time to a hall and a small wooden drum which hung on a string from the ceiling. The chanting was slow and deep and the monks would sway or nod their heads in time to its vague rhythms. Between chants they were waited on by a small boy who filled up their cups of yak-butter tea with religious enthusiasm.

In front of me, a family of Khampas - wild-eyed Tibetans from the east - were shuffling past a row of small brass bowls filled with melted yak butter and lit by floating wicks. These butter lamps adorn by their thousands the altars and benches of Tibet's chapels and monasteries; the light they give out is a soft, sacred yellow, and their smell is sweet and calming.

The Jokhang's magnificent inner courtyard serves as the main prayer hall. In the middle are six rows of kneeling cushions and various religious scriptures scattered about, with a fence and cloister running around the outside and off the cloister there are a series of small chapels dedicated to various deities.

Positioned at equal intervals on the middle of the hall are the deep red cloaks of the resident monks, the thick cloth crouched half upright on the cushions like empty shrouds waiting to be filled with life.

All around me in the semi-darkness, pilgrims were moving as if in a trance, eyes closed, heads bowed in prayer, at peace in their sacred place, as if they had come home after many lost years. And among them were the guardians of the temple, silent monks, lighting lamps and tending statues.

At the back of the inner courtyard, next to a row of 1,300-year-old unpainted wooden columns and two tall barrels of solid yak butter, a doorway, behind a heavy trap-door curtain, guards the entrance to Tibet's holy of holies: the shrine of the sacred statue of Jowo Rinpoche. The gold, silver and copper image represents the Sakjamuni Buddha when he was 12 years old. It was brought to Tibet more than 1,300 years ago by Princess Wencheng, the Chinese wife of King Songtsen Gampo.

This irony is not lost on Tibet's present rulers, who have erected a plaque outside the Jokhang reminding the world of the statue's Chinese legacy.

The Jowo itself and the majestic, three-tiered throne on which it rests are studded with turquoise, gems and other precious stones which sparkled in kaleidoscope colours as I moved around the shrine. Each day, a trail of the faithful circulates the throne in quiet procession, winding its way through the small army of attendant monks who bustle around the sacred image like flunkies around a queen.

From the roof of the temple came the voice of Tibet - the deep-throated chanting of 80 monks. They sat cross-legged in a small, open-sided chapel and sang their prayers in a multitude of varying tones, speeds and volumes, giving the impression of an orchestra warming up.

They stopped to eat, but soon resumed the chant, guided by the senior monk, whose voice rumbled like a large engine, sounding as if it came from the depths of the earth itself. But although they began in unison, it was not long before they descended once more into a melange of disparate voices: the psalms of a dying age.

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TRAVEL

A simpler way of living

Sue Nelson enjoys the outlook - and home cooking - of the Mennonites in Dutch Pennsylvania

I was rushing in Manhattan on a Friday afternoon. The streets were gridlocked. Everyone, it seemed, was escaping from New York. But soon, on an empty road 150 miles away, life became a distant nightmare.

Suddenly, my car lights lit up another vehicle approaching a covered bridge. It was a horse-drawn carriage clip-clopping in the moonlight, and it meant my journey was over. I had reached Dutch Pennsylvania, the heart of Lancaster County and home to both the Amish and Mennonites.

It was late when I arrived at Pequea farm and everyone had retired for the night. A note on the unlocked front door directed me to a room containing a bed, wooden dresser and rocking chair. There was a Bible on the bedside table.

A rooster greeted the morning with a raucous squawk. Gazing from the window, I saw ploughed snow-fingered fields and the outline of a barn and silo on the white horizon. A buggy, harness tinkling, trundled along one of the narrow roads. It was an exhilarating sight and from an unusual viewpoint, inside a Mennonite family's home.

Although the film *Witness* brought the Amish people to a worldwide audience, Mennonites remain largely unknown. Both are Christian fellowships dating back to the Anabaptists of 16th century Europe, and the Amish are an offshoot of the Mennonites.

Most Amish groups still consider themselves the Mennonites' conservative cousins and Lancaster County contains both the oldest settlement of Old Order Amish and the largest community of Mennonites in the world.

Downstairs, in the living room, I met one of my Mennonite hosts for the first time. Ten-year-old Matthew was playing a wooden version of bar football with a friend.

It was slightly embarrassing at first, wandering through a stranger's house, trying not to examine the coal-burning stove or the mementoes on a piano. Stepping past Matthew's game, I met his mother, Joyce Eby.

"You made it," she said. "Sit down and have some breakfast. Joyce produced cinnamon toast, pumpkin cake, a bowl of frozen cherries, orange juice and coffee. My husband Mel's milking the cows," she said.

Mel Eby, like Joyce, has lived in Lancaster County all his life. The Ebys, one of the original families to arrive in Pennsylvania, are descended from the Swiss Mennonites; Joyce's family originates from Germany. Although Mennonites also migrated from the Netherlands to Poland and Russia in particular,



Amish farmers harvest corn in Lancaster County using horses and mules

"Dutch" Pennsylvania is not strictly true. Dutch, in this case, is simply a corruption of Deutsch.

The Eby family began taking guests into their brick farmhouse 25 years ago. Pine wreaths and red ribbons decorated each window while, inside, furniture had the lustre and wear of old polished wood. Hymn music was propped on an organ; a sled doubled as a coffee table, and a tapestry declared "families are forever" on a wall.

A portrait of Jesus, was surrounded by an array of family photographs: the familiar face of Mat-

thew; another son Michael, now married and living nearby; and their sister, Melody. As Joyce listed their names and ages I was puzzled. Melody, who looked Matthew's age, was apparently 17. Then I noticed a figure in the kitchen - it was Melody's tiny body in a wheelchair.

Outside the air was fresh and crisp. Crossing the creek that gives Pequea farm its name, I followed the road and explored the immediate area on foot, surrounded by farmland.

Every so often a buggy passed by. The occupants, wrapped in shawls

or frock coats, either smiled or raised a hand in recognition. The older men, faces fringed by distinctive beards, nodded sternly but politely.

Behind the houses along East Pequea Lane, I noticed carriages in backyards. Washing was drying on verandahs or in front of barns, lines of black, navy or purple dresses, pinafores and broadfall trousers. The mailboxes had biblical names: Aaron, Ruth, Moses and Jacob.

The nearest town, Intercourse, was unexpectedly busy. Shoppers scrutinised carved wooden cabinets

and \$500 patchwork quilts. As the Amish do not use electricity, some of the stores were lit by gas lamps. Some shops had signs saying "Please, no photographs." Locals get fed up with visitors staring.

By 5pm it was time for the second milking of the day. "This is a dairy farm," Mel explained, getting the milking machine into position. "Eighty-four acres," he added, attaching metal teats to a cow's udders. "All the corn we grow is used to feed the cattle."

When not tending the farm, the Ebys help out at church and run

errands for their Amish neighbours.

In the kitchen, Joyce was feeding Melody a plate of mashed carrot and potato. Melody, I discovered, had a rare enzyme deficiency preventing the body from assimilating protein and causing improper formation of bones and muscles. Their first child, Jerry, also had this condition and died, 12 years ago, at the age of 16.

"The Mennonite faith is a way of life rather than a religion," Joyce said. "It helps us in accepting things, particularly Melody. Many people would allow themselves to

be wiped away by this." She looked at her daughter fondly.

"Our fellowship is very supportive but I also found that writing about Jerry and Melody helped."

Pequea farm offered only bed and breakfast so Joyce suggests the "Good 'N Plenty" restaurant in Smoketown for dinner. "Go through Bird-in-Hand and take a left. You can't miss it."

After buying a ticket, I waited to be communally seated at one of the rows of tables in a cavernous dining hall. The first course was home-made bread, apple sauce, apple butter, pickled cabbage, cottage cheese, whipped butter, chicken dip and chow chow (pickled vegetables). This was followed by ham, fried chicken, beef stew, buttered noodles, mashed potatoes, green beans, creamed corn and bread stuffing. One of the five puddings was a pie made from molasses and brown sugar. Plain home cooking, and lots of it, for \$14.

Afterwards in bed, I read Joyce's article. "God knew our frames and he promised not to give us more than we could bear," she wrote. "It was this promise that saw us through the month's of Jerry's severe suffering before his death."

The next morning, in spite of my agnostic views, I joined the Eby family at their Mennonite Church in Paradise. Joyce was almost unrecognisable in a smart red jacket, black skirt and lace prayer cap. Mel had exchanged his working clothes, Wellington boots and cap for a jacket and tie.

The service was simple. Hymns were sung unaccompanied. Older women in the congregation wore white muslin prayer caps and pin-afores. Although there are subtle differences in dress, many people mistake Old Order Mennonites for the Amish, especially since both use buggies for transport. But within the Mennonite community there is a division between traditional "plain" or modern "fancy" clothing.

Back in the kitchen, over a plate of French toast, Joyce smiled at the thought of being "fancy" and fetched a photograph: eight children, including Joyce, frame their parents - father stern in a dark lapel-less suit; mother smiling in high necked dress, white cap and black tie strings.

"If you set me up against my mother, I'm liberal," Joyce said. "But against my peers, for example in church wearing my prayer cap, then I'm conservative."

I apologised for asking endless questions but Joyce cheerfully dismissed any worries. "I always thought I allowed people into my home because of my personality," she said. "But now I think it's to let people see our way of life."

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INTERNATIONAL ARTS GUIDE

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GALLERIES

□ **Van Gogh Museum** Tel: (020) 626 9945
Taking a Stand: exhibition shows the work of two artists, Ralph Riney and Felix Nussbaum, to commemorate the 50th anniversary of the Liberation. Nussbaum was killed in Auschwitz, and Riney was one of the survivors of the Theresienstadt camp; to May 7
□ **Herengracht 24** Tel: (020) 673 2121
GROUPE: the finest Japanese prints; to May 28
□ **Stedelijk** Tel: (020) 5732 9111
Arte: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo cars from the early part of this century to the most recent models; to Apr 2

BERLIN

GALLERIES

□ **Alte Museum** Tel: (030) 209 55 0
Munich and Germany: exhibition of early works by Norwegian artist, Einar Munch and German artists, influenced by him; to Apr 23
□ **Deutsches Historische** Tel: (030) 215 920
Art from the GDR 1949-1990: politically commissioned art in the old German Democratic Republic; to Apr 18
□ **Pictures and References** to German History: more than 2,000 paintings, coins, materials and other artefacts that document the history of Germany; to Dec 1 (Not Sun)
□ **Neue Nationalgalerie** Tel: (030) 266 2653
George Grosz, Berlin-New York: exhibition of the German Dadaist who emigrated to the US; to Apr 17
□ **OPERA/BALLET**
□ **Deutsches Oper** Tel: (030) 34384-01
Der Fliegende Holländer, by Wagner. Conducted by Heinrich Hollreiser, production by Günter Rudolf Selzer; 7.30pm; Apr 2
□ **L'italiana in Algeri**, by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7.30pm; Apr 5, 8
□ **Lucia di Lammermoor**, by Donizetti. Conducted by Marcello Viotti and produced by Filippo Serjesty; 7.30pm; Apr 1, 6
□ **The Girl of the Golden West**, by Puccini. A new production conducted by Paolo Ottolenghi and produced by Frank Corsaro. Soloists include Gaila Kallina and George Fortuna; 7.30pm; Apr 4, 7
□ **Staatstheater Unter den Linden** Tel: (030) 2 00 4782
Der Rosenkavalier, by Strauss. Soloists: Peter Seidel, his new production, set and costumes designed by Richard Wagner. Directed by Frankes conducts; 8.30pm; Apr 5, 8

BOLOGNA

OPERA/BALLET

□ **Teatro Comunale** Tel: (051) 523999
Il Turco in Italia, by Rossini. A new production directed by Evodio Pido; 8.30pm; Apr 5 (Apr), 7 (Apr)

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GALLERIES

□ **Kunst- und Ausstellungshalle** Tel: (0228) 9171 238
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□ **Russian Museum of St. Petersburg**: third in "The Great Collections" series. The museum in St. Petersburg houses a collection of 500,000 works from which 500 works have been selected to represent 500 years of Russian art and culture; from Apr 7 to Aug 13 (Not Mon)

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OPERA/BALLET

□ **De Munt/La Monnaie** Tel: (02) 216 22 11
Wozzeck, by Berg. Conducted by Lutz Zagroeski, produced by Hans Neugebauer; 8pm; Apr 2

DUSSELDORF

GALLERIES

□ **Kunsthaus Düsseldorf**
Surrealism in Spain: 200 paintings, sculptures, drawings and photographs by the likes of Dalí, Miró and Picasso. The roles played by regions of Spain in the development of the Surrealist movement and includes many works that were concealed during the Spanish Civil War; to Apr 17

GENEVA

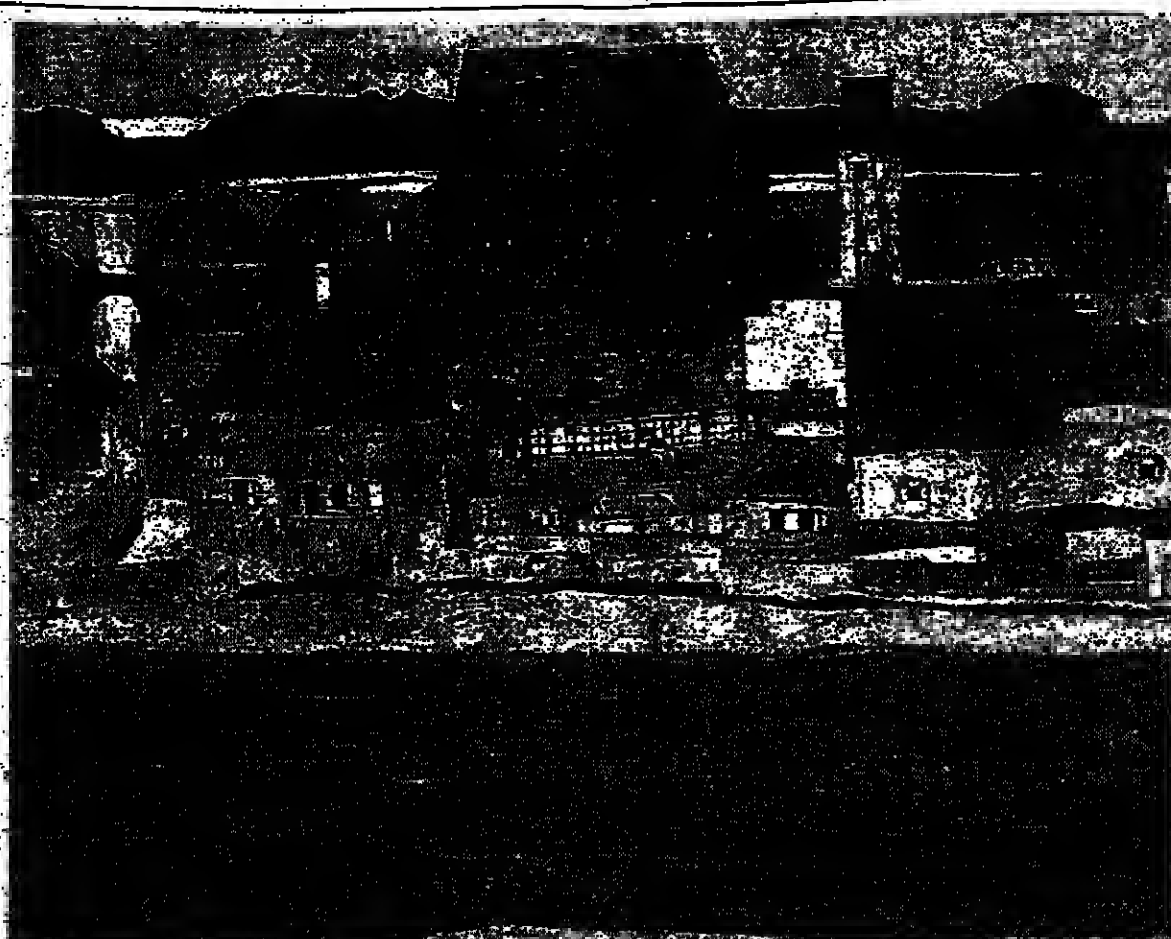
GALLERIES

□ **Art et Histoire** Tel: (022) 311 43 38
Igne: the Mavroicostas donation; to May 7
□ **Centre of Art Contemporain** Tel: (022) 320 18 42
Hoy Ours: installation by the artist; to May 28

LONDON

CONCERTS

□ **BBC** Tel: (0171) 638 8891
Barry Douglas: pianist plays Beethoven, Chopin and Schubert; 4pm; Apr 2
□ **Mahler Festival Part 2**: Michael Tilson Thomas conducts the London Symphony Orchestra and pianist Dame Moura Lympany to play Tchaikovsky's Piano Concerto No. 2; 7.30pm; Apr 2
□ **The Four Seasons**: Ian Watson



Egon Schiele from the Klimt-Kokoschka-Schiele exhibition at Fundación Juan March in Madrid

conducts the English Chamber Orchestra to play Bach, Mozart and Vivaldi; 8pm; Apr 1
□ **Queen Elizabeth Hall** Tel: (0171) 928 8800
Handel: Messiah; Hilary Davan Wetton conducts the City of London Choir, the Milton Keynes City Orchestra, soprano Jennifer Perry and Robin Blaze; 7.45pm; Apr 2
□ **New London Consort**: Philip Pickett directs Lach's "Psyche"; 7.45pm; Apr 6
□ **Royal Festival Hall** Tel: (0171) 928 8800
BBC Symphony Orchestra: with mezzo-soprano Brigitte Fassbender and conductor Alexander Lazarev plays Wagner, Mahler and Shostakovich; 7.30pm; Apr 1
□ **Michael Nyman Band**: with the Orquesta Andalusia de Tetuan. Special concert in which Nyman reworks music from his career and writes for a group of virtuoso musicians; 8pm; Apr 8
□ **Rotterdam Philharmonic**: Orchestra: with pianist Andreas Haefliger, Claus Peter Flor conducts Beethoven, Mozart and Shostakovich; 7.30pm; Apr 3
□ **The London Philharmonic**: with soprano Amanda Roccofort, Roger Norrington, conducts Mahler's "Lieder eines fahrenden Gesellen" and "Symphony No. 4"; 7.30pm; Apr 5

LOS ANGELES

CONCERTS

□ **Dorothy Chandler Pavilion**
Wigglesworth's Debut: with pianist Lars Vogt. Mark Wigglesworth conducts Beethoven's "Piano Concerto No. 2" and Shostakovich's "Symphony No. 7" on his debut performance with the Los Angeles Philharmonic; 8pm; Apr 1, 2 (2.30pm)
□ **Galleries**
□ **County Museum** Tel: (213) 857 6000
American Impressionism and Realism: The Painting of Modern Life. Two important turn-of-the-century movements in American painting are studied and includes works by John Singer Sargent, Mary Cassatt and Childe Hassam; to May 24

MADRID

GALLERIES

□ **Fundación Colección Thyssen-Bornemisza** Tel: (91) 420 38 44
Andrés Bernal: approximately 70 paintings selected to represent the artist's different artistic periods; from Apr 4 to Jun 10
□ **Fundación Juan March** Tel: (91) 435 48 40/435 42 40
Klimt-Kokoschka-Schiele: exhibition of 35 works by the three Viennese artists; to May 21
□ **Prado** Tel: (91) 420 28 36
Sebastiano Del Piombo: Venetian born artist of the Italian Renaissance. This exhibition explores his influence on Spanish painting during the 16th and 17th centuries; to Apr 30

MUNICH

GALLERIES

□ **Bayerische Staatsgemäldesammlungen** Tel: (089) 23 80 50
□ **Hans Mermer**: Johannes and Veronika; to Jun 11
□ **Henri de Toulouse-Lautrec**: posters; to Apr 30
□ **Haus der Kunst**
Deutsche Romantik: previously on show in London, this exhibition has created much discussion in Germany. It examines the work of early German Romantic painters and their impact on later German artists; to May 1
□ **OPERA/BALLET**
□ **Bayerische Staatsoper** Tel: (089) 22 13 16
□ **Il Trovatore**: by Verdi. Conducted by Miguel Gomez Martinez, produced by Luca Ronconi. In Italian; 7pm; Apr 1

NEW YORK

CONCERTS

□ **Alice Tully Hall** Tel: (212) 875 5050
□ **Garrick Ohlsson**: pianist plays an all Chopin programme; 8pm; Apr 2
□ **Avery Fisher** Tel: (212) 875 5030
□ **New York Philharmonic**: with soprano Sylvia McNair, baritone Halican Hagegard and the Westminster Symphony Choir. Kurt Masur conducts an evening of choral music by Brahms; 8pm; Apr 1
□ **New York Philharmonic**: with pianist Mitsuko Uchida. Kurt Masur conducts Beethoven's "Piano Concerto No. 2" and Shostakovich's "Symphony No. 5"; 8pm; Apr 5, 6, 7, 8

GALLERIES

□ **Guggenheim** Tel: (212) 423 3652
□ **Felix Gonzalez-Torres**: survey of the contemporary artist's multi-media art; to May 10
□ **Ross Bleckner**: retrospective of the American artist consisting of approximately 75 paintings and works on paper; to May 14
□ **Guggenheim Soho** Tel: (212) 423 3652
Antoni Tapies: 55 of the leading Spanish artist's most important works dating from 1948 to 1991; to Apr 23
□ **Museum of Modern Art** Tel: (212) 708 9480
Kandinsky: Compositions: exhibition featuring approximately forty works including seven of the surviving "Composition" paintings; to Apr 25

OPERA/BALLET

□ **Metropolitan** Tel: (212) 362 6000
□ **La Traviata**: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Apr 8

Herb Gardner and directed by Alan Ayckbourn. Stars Judd Hirsch who won a Tony award for his role; 7.45pm; (Not Sun)
□ **Vaudeville** Tel: (0171) 838 9987
Killer Joe: by Tracy Letts, directed by Wilson Milani; 8pm; (Not Sun)

THE HAGUE

GALLERIES

□ **Gemeentemuseum** Tel: (070) 33881111
Piet Mondrian: exhibition of 147 works on the 50th anniversary of the artist's death; to Apr 30
□ **Museum Paleis Lange Voorhout** Tel: (070) 3381 111
Piet Mondrian (1872-1944): paintings and drawings by the Amsterdam-born painter on the 50th anniversary of his death; to Apr 30
□ **Russian Avant-Garde**: more than 70 works from the Abram Chudnovsky collection that includes work by Malevich and Larinov; to Apr 23

VIENNA

CONCERTS

□ **Gesellschaft der Musikfreunde** Tel: (1) 505 13 63
Orchesterverein der Gesellschaft der Musikfreunde: Robert Zetter conducts Mozart, Beethoven and Mendelssohn; 7.30pm; Apr 7
□ **Weiner Symphoniker**: Sir Georg Solti conducts Kodaly, Bartók, Weir, Berlioz and Beethoven; 8.30pm; Apr 1, 2 (11am)

WASHINGTON

CONCERTS

□ **Kennedy Centre** Tel: (202) 467 4600
National Symphony Orchestra: with pianist Barbara Nissman. Barbara Nissman conducts Kernis, Prokofiev and Rachmaninov; 8.30pm; Apr 1, 4 (7pm)
□ **National Symphony Orchestra**: Elizabeth Schulz conducts Berlioz's "Symphonie Fantastique"; 8.30pm; Apr 6, 7, 8

PARIS

CONCERTS

□ **Châtelet** Tel: (1) 40 28 28 40
Wagner Symphoniker: Nikolaus Harnoncourt conducts Haydn and Beethoven; 8pm; Apr 1
□ **Champs Elysees** Tel: (1) 49 52 50 50
National Orchestra of France: with pianist Jean-Philippe Collard. Sylvain Cambreling conducts Debussy/Zender, Messiaen, Ravel and Debussy; 8pm; Apr 6
□ **Salle Pleyel** Tel: (1) 45 63 88 73
Sonata for Violin and Piano: pianist Georges Pludermacher and violinist Shlomo Mintz plays Beethoven, Hindemith and Grieg; 8pm; Apr 7
□ **Various Venues** Tel: (1) 43 85 66 00
Serious Blues: jazz festival. Artists include Betty Carter, Abbey Lincoln and Shirley Horn; to Apr 15

GALLERIES

□ **Centre Georges Pompidou** Tel: (1) 42 77 12 33
□ **Bressat**: works by the French photographer; to Apr 3 (Not Sun)
□ **Louise Bourgeois**: retrospective of drawings; to Apr 17
□ **Galerie Schmitz** Tel: (1) 42 80 36 36
From Delacroix to Matisse: exhibition including the works of Picasso and Degas; to Apr 13
□ **Musée d'Orsay** Tel: (1) 45 49 11 11
James McNeill Whistler: exhibition of works; to Apr 30
□ **Musée du Petit Palais** Tel: (1) 42 85 12 73
Cathage: history, its impact and resonance; to Jul 2

OPERA/BALLET

□ **Châtelet** Tel: (1) 40 28 28 40
Peter Grimes: by Britten. New production by Adolf Dresen. Jeffrey Tate conducts the Philharmonia Orchestra; 7.30pm; Apr 2 (5pm), 4
□ **Opéra National de Paris, Bastille** Tel: (1) 47 42 57 50
□ **Lucia di Lammermoor**: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from Apr) conducts the Orchestra and Chorus of the Paris National Opera; 7.30pm; Apr 5, 8
□ **The Masked Ball**: by Verdi. Conducted by Antonello Allemandi, produced by Nicolas Joël. Soloists include Gergan Grigorian and Gaetan

Laperriere; 7.30pm; Apr 4 (3pm)

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CHESS

The Midland Monarchs, led by teenagers and university students, has won Britain's national chess league. The league starts its third season next autumn with plans for regional feeder leagues giving local clubs the chance to qualify to play the top masters.

National leagues in France, Germany and the Netherlands have developed chess in these countries. The UK version could follow suit, but needs an overall sponsor to allow teams to use top grandmasters. Continental squads have included Kasparov, Karpov, Nigel Short and the Polgar sisters (J. Richard, Slough, White; R. Wade, British Chess Magazine, Black; UK league 1995).

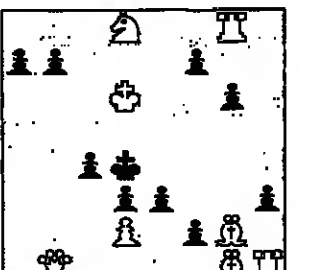
1 d4 d6 In spite of Black's defeat here, this is a good method of taking a 1 d4 opponent out of the books. One idea is 2 Nf3 Bg4, 2 e4 e3 Nf3 e4 4 Ng5 f5 5 Nc3 Bc7 6 Nf3 Bf7. This bishop's time-wasting manoeuvres lose Black this game; better is the normal Nf6. 7 Nd5 Nc6 8 e3 Nf6 9 Nh4 0-0 10 Nf5 Bc7 11 Be2 g6 12 Nh4 Bc7 13 b3 Ne7 14 h4 Nxd5 15 h5g6 Nc3 18 Qd2 Nxe2 17 Qxe2 Nf7 Storm clouds have gathered over the black king, but leaving White's pawn at g5 helps the attack.

18 Bb2 c5 19 0-0-0 Qa5 20 Rxb7 Kxb7 21 Rb1 Kc7 22

Nh5+! gxf5 23 Qxh5 Black is helpless because the natural defence Rb8 fails to 24 d5+. Rg8 24 g6 Bc6 25 gxf7 Resigns. If Bxf7 26 Qh6 mate.

Economics note: The last Russian championship had an impressive prize fund of \$25,000 provided by the Black Sea republic of Kalmykiya, whose president is a master chess player. Russian law prohibits Russian citizens being paid in foreign currency on Russian soil, so prizes had to be converted into roubles. Inflation during the three-week tournament meant the prize fund fell 14 per cent during the event.

No 1068



White mates in one move. A classic Sam Loyd puzzle where the best clue is the date.

Solution, Page XIII

Leonard Barden

BRIDGE

My hand today comes from a rubber of good standard:

N
♠ 8 7 2
♥ J 8 3
♦ K 8 4
♣ A K 6 2

W
♠ Q 9 6 5
♥ K 4
♦ Q 9 7 3
♣ 10 8 4

S
♠ A K J 10 4 3
♥ 6 2
♦ A Q 5
♣ J 5

South dealt with North-South vulnerable and bid one spade. North replied two clubs. East came in with two hearts. South said three spades. North's four spades closed the auction.

West led the heart king and followed with the four. East took with queen and returned the ace, which South ruffed with the spade 10. West shrewdly discarded a diamond;

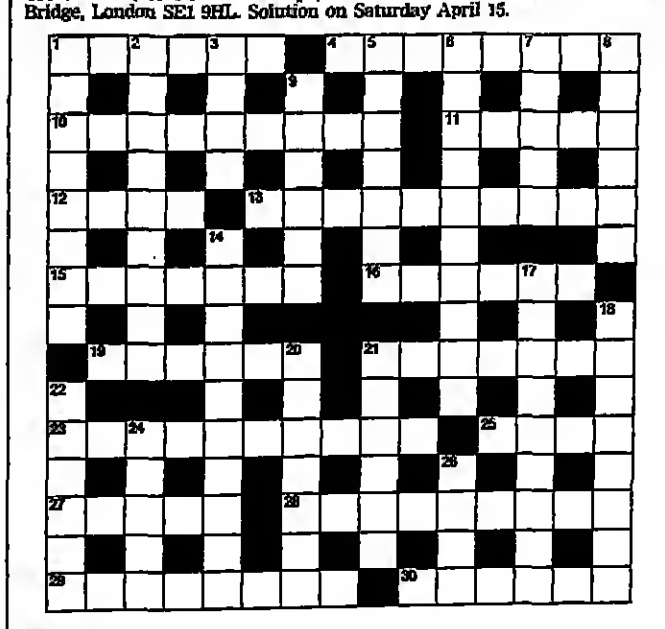
if he over-ruffs, South sails home. Declarer cashed the ace of spades and East showed out. Now a trump endplay was the only hope, so the declarer's spades must be shortened to the same length as West's. South cashed ace, king of clubs and ruffed the two. West false-carding with the queen. South played three rounds of diamonds, but West ruffed, got off play with the club nine and defeated the contract with his spade queen.

Full marks to West for his false card of the club queen. But declarer should not have fallen for it. If West had held only three clubs, he would surely have thrown a club at trick three. South must cash just ace and king of diamonds, then ruff the last club with his spade four. The diamond queen forces West to ruff and lead from his queen and nine of spades into declarer's tenace.

E.P.C. Cotter

CROSSWORD

No. 8,726 Set by CINEPHILE
A prize of a classic Pelikan Souvenir 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £25 Pelikan vouchers. Solutions by Wednesday April 12, marked Crossword 8,726 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8UL. Solution on Saturday April 15.



Name: _____ Address: _____

Across clues, other than 10, are "hidden anagrams"; they contain (among other irrelevant words) a definition of the solution and a jumble of the letters in the solution. Down clues are normal.

- 1 Look out! We are bamboozling you (6)
4 Take care and look here for the date (8)
10 Season's greeting (6,4) made up of... chair... (6) and... a winning quality (6) and...
12 ...What follows water sometimes at pool (6)
13 Harmonies intrude in the picture "Translation of the Little Dog" (6,5)
15 Clue extracted from the Just So Stories (7)
18 Greek character of bad, almost criminal, disposition (6)
19 Old age with gravity (6)
21 Frankness and courage are required (7)
23 Certainly not one in the dimmest range of intelligence (10)
25 Man, for example, in silence (4)
27 Path to British Museum (6)
28 It has a big bridge near Mons or Ypres (6,4)
29 Insist likely to destroy flesh (8)
30 It should cure my dereliction (6)
- DOWN
1 Duff gen - otherwise must eat in drink (6,5)
2 Exploit one's position in the factory? (9)
3 Industrial region going in for tourism (6)
5 Article on Thursday sick of work of social workers (3,4)
6 Enclosed by some current fellows with little time for pitching tents (10)
7 Pictured as looking tired or dead (6)
8 Make an observation about currency (6)
9 Change without silver's an odd notion (6)
14 Large insect finds source of sugar left in the theatre (4,6)
17 Medicine man's operations with water produce girdle-cake (4,5)
18 Leaves writer Graham on railway (8)
20 Cart that this back: some put umbrellas in it (7)
21 Medicine man's medium (6)
22 Regular subject to debate in silence (6)
24 Cry for the Queen to be safe from brutality? (6)
26 King once called Bender? (4)

Solution 8,726

WINNERS 8,726: Mrs G.L. Smith, Sheffield; Ms A.H. Brown, Fingay, Belfast; Mrs V. High, Ware, Herts; A. Milne, Glasgow; Mrs C.M. Price, Lawford, Essex; Sue Woolley, Luton, Beds.



Peter Aspden

Symphonies for swinging lovers

Music's charms are being savaged by record company compilations playing to crude marketing values

There is a strong, vital relationship between music and romance. There is first-kiss music, seduction music, wistful, whatever-happened-to-our-love music, music to drown the pain of rejection, music to celebrate a 25th wedding anniversary: there must even be music to which one can examine the fibres of the Bank of England carpets (suggestions, please, on a postcard).

The swelling strings and plaintive piano sonatas of our greatest composers have all been pressed into service at one time or another, adding that much-needed touch of culture to what can be, let's face it, a rather base moment or two.

The record companies have not

been slow to wake up to the commercial potential of this. We have had *Classic Weepies*, *Classic Sleepies*, *Classical Ecstasy*, ("Exploring the Tingle Factor") and, of course, *Sensual Classics*. One, Two, and now, *Too*. Yes, it is a little confusing. *Sensual Classics Too*, released this week by Warner Classics, is a slightly different compilation from the rest - it is devised by, and aimed at, gay men.

"Whether gay couples respond to different music to heterosexual couples is a topic which is being hotly debated," reports Bill Holland, the general manager of Warner Classics UK.

So let us join the debate and turn to the evidence: kicking off the collection is Tchaikovsky's "Andante

Semplice" from his Piano Concerto No. 1. Very nice it is too. It began to make me feel distinctly sensual, which is very strange as I am actually heterosexual.

But all was explained when I noticed that the very same piece of music was also on *Sensual Classics Too* (as opposed to *Too*). Clearly, I had stumbled across an irrepressible, six minutes and 35 seconds of pure fire, capable of igniting any sexuality at all. Perhaps it ought to be banned?

On we go: track two, Beethoven's Pathétique Piano Sonata, an interesting comparison here with Tchaikovsky's Pathétique Symphony, which appears on *Too* (as opposed to *Too*). Then to the nitty-gritty: Mozart's Clarinet Concerto, of

course, which apparently goes a bundle in the gay community but also makes it on to *Classic Weepies* (which is not gender-specific) and famously served as the background music to that heady love scene between Robert Redford's khaki jacket and Meryl Streep's Danish accent in *Out of Africa*.

My search for the quintessential gay sensual classic was proving less than fruitful. There was Ravel's "Pavane pour une infante défunte" (also on *Weepies*), Chopin's Nocturne No. 1, (not, remarkably, on *Sleepies*), some Elzet, Schubert and that was about it. No room, surprisingly, for Rachael's Canon (*Weepies*, *Ecstasy*) and a television advertisement for Pure New Wool) or Samuel Barber's Adagio

(theme tune to the slow-motion blowing away of the Vietnam in *Platoon*).

Now there are interesting points to be made about music and sexuality. They are thrillingly explored in Wayne Kestenbaum's *Incident* and learned *The Queen's Throat*, in which he deftly analyses the off-remarked affinity of gay men for opera (and particularly Maria Callas, she of the "flapping high C through which the Egyptian Army could have marched"). But I cannot help feeling that *Sensual Classics Too* is nothing but a politically correct marketing ploy gone mad.

The effect of music on the senses is perhaps the most mysterious and under-explored aspect of

human psychology. To reduce it to this kind of money-making parlour game borders on the insulting. If the record company wants to advertise that it has gay employees and gay customers, let it do so without the pretence of stimulating some kind of sophisticated intellectual debate.

In the meantime, why don't all the companies get together round a table and declare a moratorium on these absurd compilations? They could then concentrate on bringing out pieces of music with a slow bit, a fast bit, a medium bit, designed to appeal to all ages, all colours, all sexual orientations. They are called symphonies, concertos and sonatas, and there are a fair few good ones about.

Today we turn the tables

Max Wilkinson demonstrates how to handle the UK's most controversial interviewer...

MW: John Humphrys, good morning. Thank you for coming over from the BBC for this interview. You are in serious trouble aren't you?

JH: I wouldn't say...

MW: I am sure you wouldn't, Mr. Humphrys. The truth is that they took you off the air for being rude to the Chancellor and for being prejudiced against Conservative ministers, didn't they?

JH: Oh no, not at all.

MW: Come, come. We switched on our radios at the start of the week to listen to the *Today* programme, and you weren't there.

JH: I was having a couple of days off...

MW: You are surely not going to deny that you have caused deep embarrassment at the BBC.

JH: Absolutely not. This is just a farce.

MW: Paranoia? That is not a pretty word, Mr. Humphrys. What is being said is that you embarrassed the BBC deliberately to get your own back on John Birt, the director general, after his speech a month ago condemning aggressive interviewers such as you.

JH: What do you mean, "Being said..."?

MW: Well, for a start, Tony Hall, the head of BBC news and current affairs, publicly attacked you this weekend for your outside political activities.

JH: He did not attack me, far from it. What he actually said...

MW: Come on. That was a public rebuke if ever I heard one.

JH: But...

MW: Just a minute; let me tell you what he said. He said that he thought you should not have chaired that meeting on education in Central Hall Westminster when no Tories were present.

JH: I hardly think that counts as an attack.

MW: The fact is, the BBC is spinning the middle over this, isn't it? Can you tell us how long this fecked factor is going to last?

JH: First, can I make it quite clear that there was nothing political about my attendance at that meeting. I was there purely as a professional to chair...

MW: Ah! So what you are now saying is that it wasn't political bias; did you just do it for money?

JH: That's outrageous. I am perfectly entitled...

MW: Entitled, perhaps, but Mr. Humphrys, do you think it is morally right to take thousands of pounds, on the side, from the private sector when you are being paid a reputed six figure salary by the highest quango in the land?

JH: Not many people would call the BBC a quango.

MW: Let's not argue about definitions. The fact is that while you were earning this very big sum, the BBC was sacking workers under the producers' choice reforms; is that not so?

JH: This is just preposterous. And I am certainly not going to tell you what I earn.

MW: Why not? Practically every day you are haranguing some utility chairman or other about the size of his remuneration package. Come, now, do you earn more or less than Ceric Brown, chairman of British Gas?

JH: For heaven's sake!

MW: But don't you see, Mr. Humphrys, what people are saying is...

JH: If you would stop interrupting me, perha...

MW: Interrupt! Surely as a professional you know... let me finish... it is one's duty... no, no, you can have your say in a minute... You yourself... Please, Mr. Humphrys, just a moment... you interrupted the Chancellor 32 times the other week.

JH: I was only trying to stop him talking about Consett.

MW: Oh ho. So you wanted to help a Tory minister? Surely you are not trying to pretend now that you take orders from Downing Street.

JH: Of course not.

MW: All right, but what about Jeremy Handley, the Tory Party chairman? Has he been leaning on you?

JH: I do have a mind of my own, you know.

MW: Indeed you do. And isn't this what all the row is about? I put it to you that what you are really trying to do is infiltrate your own prejudices on to the *Today* programme.

JH: If I may get a word in edgewise, it is my job as a journalist to give government ministers a hard time.

You, on the other hand, have conducted a disgracefully biased and intrusive interview. If such feeble nonsense is what the FT and its Tory friends want, then frankly you deserve each other.

MW: At the last general election, Mr. Humphrys, we advised our readers to vote for Labour.

JH: You did?

MW: We did indeed.

JH: I apologise.

Yes, there are degrees of murder

Lord Lane, the former Lord Chief Justice, explains why the mandatory life sentence should be scrapped

On a conviction for murder, the judge has no option but to pass a sentence of life imprisonment on the offender. Recent events have highlighted the unfortunate results of this life sentence.

The case of Private Lee Clegg is one example. It seems that this young soldier fired a number of shots at a car after it had been driven through the checkpoint at which he and others were posted, killing one of the passengers in the vehicle. He was tried in Northern Ireland before a "Diplock Court" - by judge alone without a jury - and was convicted of murder. The judge duly passed a sentence of life imprisonment.

It is lawful to kill when acting in personal self-defence but that, it seems, was not what Pte Clegg was doing. That being so, on the evidence before him, the judge had no option but to pronounce the verdict and sentence, which he did. In circumstances such as these it is sometimes said that a jury has a right to return a perverse verdict. In this case, it might have been manslaughter or acquittal. The judge in a Diplock court has no such privilege.

It is not surprising that there has been an outcry at such a sentence when it seems, at least on the available evidence, that the whole event happened in a matter of seconds and that Clegg was faced with making an instant decision in very difficult circumstances.

On any view, life imprisonment in a case such as this cannot possibly mean what it says. The judge is required to perform a charade.

If this had been a court in England, and if the judge had been permitted to say what he really meant, the result might have been something like this:

"You stand convicted of murder. I am compelled by law to sentence you to imprisonment for the rest of your life. Let me explain what that means. I have heard all the evidence and what has been said by counsel on your behalf. If I had been allowed to decide on the proper sentence, it would have been a short term of imprisonment at the worst. As it is, although I shall submit my views to the Home Secretary, he is quite likely to disregard them, and to increase the length of sentence I recommended."

Your fate will be decided behind closed doors by someone at the Home Office, probably a junior minister, and certainly someone who has not been present during these proceedings, acting on advice from we know not whom, or we know not what facts, and possibly influenced by we know not what political considerations. It is doubtful whether you will have any rights of appeal."

In 1983, Lord Britton, then Home Secretary, announced a number of changes which he proposed to make in the practice to be adopted on the release of life prisoners.

He said: "These new procedures will separate consideration of the

requirements of retribution and deterrence from consideration of risk to the public, which has always been, and will continue to be, the pre-eminent factor determining release. The judiciary will properly advise on retribution and deterrence. But the ultimate decision whether to release will remain with me."

This had the benefit of splitting detention into two constituent parts, one being punishment for the crime and the other being protection for the public. This seemed to be a step in the right direction of limiting what was otherwise, potentially at least, an unacceptably wide discretion in the hands of the executive.

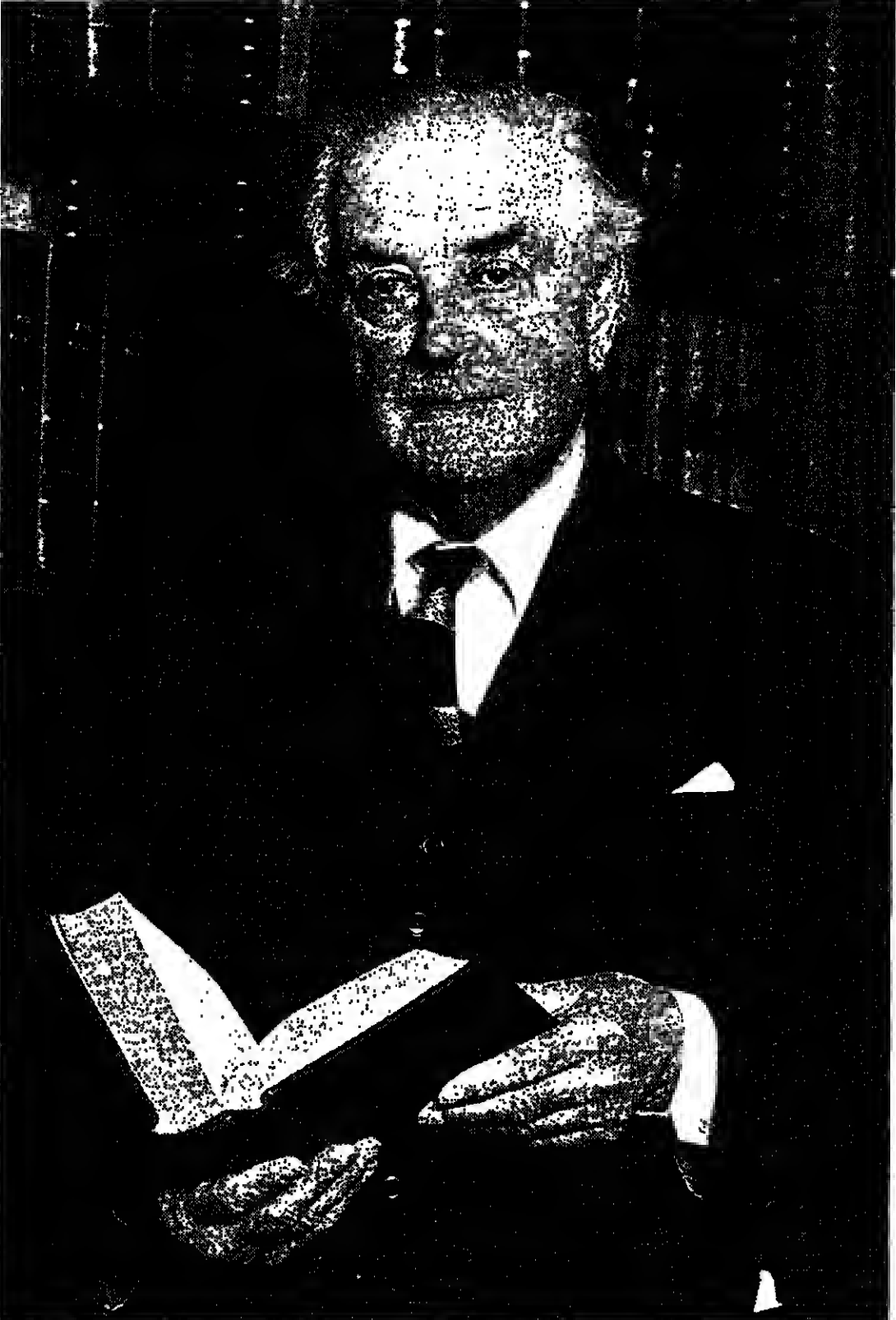
Unhappily, this philosophy underwent a radical change in 1991. It was in that year that the justification for allowing the executive to determine the length of a convicted person's sentence was expressed to be that "murder is a uniquely heinous crime" and the public "would feel very let down if there were a weakening in the mandatory sentence for murder".

It was on this basis, that the Commons rejected an amendment to what was to become the Criminal Justice Act 1991. It was an amendment which had been carried in the Lords by a substantial majority, including (inter-alia) two former Lord Chancellors (Lord Hailsham and Lord Havers) and five Law Lords. The vote in the Commons was on strictly party lines, in spite of a plea that the issue be treated as one of conscience.

The amendment had broadly followed the recommendations of the House of Lords select committee under Lord Nathan that the sentence of life imprisonment for murder should be the maximum but not the mandatory sentence; that, on occasions when life imprisonment was imposed, judicial procedures should govern both the setting of the length of the "penal" term (the term imposed by way of punishment and deterrence contained within the indeterminate sentence) and also the decisions on release or continued detention of life prisoners at the end of the penal term.

It has now, it seems, been realised that although some murders are unbelievably wicked, and without doubt merit life imprisonment, the use of the word "uniquely" is wrong. Thus Angela Rumbold, the Minister of State, said on July 16 1991: "The nature of a mandatory sentence is different. The element of risk is not the decisive factor in handing down a life sentence. According to the judicial process, the offender has committed a crime of such gravity that he forfeits his liberty for life without the necessity for judicial intervention."

A statement by Michael Howard, Home Secretary, in the House of Commons on July 27 1993 made it clear that, so far as he is concerned, the Angela Rumbold approach is what would be "acceptable to the public". The Lord Britton two-phase system was to be altered. First, the Home Secretary reserved the right



Lord Lane: not surprised at the public outcry over Private Clegg's sentence

to increase the penal or "tariff" period (the period imposed to satisfy requirements of punishment and deterrence) and, secondly, he claimed the right to keep a prisoner in custody after the end of the tariff period even though that prisoner no longer represented a danger to the public, if he considered that release would "not be acceptable to the public".

Leaving aside the objection that the views of the Home Secretary on what would be "acceptable to the public" should not form the basis of a prisoner's length of detention,

there is a more fundamental reason for rejecting the Howard/Rumbold views.

The Clegg-type case and "mercy killing" are two examples which demonstrate that the definition of murder covers a wide range of human behaviour from, at one extreme, the terrorist destruction of an aircraft with hundreds of victims and the cold-blooded killing of a policeman or bystander by a robber intent on escape to, at the other extreme, mercy-killing.

Unhappily, it is the really wicked murders which attract the head-

lines and on which public opinion is based. It may be that recent events will restore a more balanced view.

It may be imagination, but there are indications that there is a retreat from "uniquely heinous" and "a crime of such gravity" to another position. That position is "accountability".

The Home Secretary, it is said, is, and should remain, accountable to Parliament for the proper punishment of murderers in a way that judges (so goes the argument) are not. "Accountable" is one of those words which sound impressive but

are sometimes a substitute for thought. The decisions of Home Office ministers and their civil service advisers are taken in secret. The occasional decision may come to light which outrages public opinion and the Home Secretary may face questions in the House, in that accountability?

Compare that with the position of the judge who, in every case, would be obliged to give in open court his reasons for the sentence he imposes on the person convicted; who, in every case, would be liable not only to media criticism but also to appeal to the Court of Appeal (Criminal Division) either at the instance of the prisoner if the sentence appears unduly harsh, or at the instance of the Attorney General if it appears too light.

Public accountability is better ensured by leaving questions of sentence to the judge. The sentence of life imprisonment would start to have some intelligible meaning. It would be reserved for those murderers whose crime is truly appalling and those who represent a danger to the public for an unpredictable length of time.

There is already a body of authority to help the judges to decide the proper level of sentences for manslaughter where the life sentence is discretionary. Similar considerations will apply in many cases of murder, insofar as they do not, it will not be long before there are sufficient guidelines emanating from the Court of Appeal to allow a proper level of consistency to be achieved. There will doubtless be some very long sentences of life imprisonment.

What the politicians fail to recognise is that, by making the life sentence for murder discretionary they would at a stroke do away with the need for knee-jerk legislation to cater for special circumstances such as agony-of-the-moment cases, mercy killings, long term "provocation" and cases of excessive use of force in self-defence. They would do away with the temptation to accept pleas of guilty (inappropriately) to manslaughter or attempted murder rather than the full offence of murder, a course which gives the court the desired discretion, but often leaves the victim's family bewildered and certainly does no good to the law's image.

They would cut drastically the number of life-sentence prisoners - a recent study shows that the UK has more life sentence prisoners than the rest of the European Union put together. They would reduce the vast amount of work which is caused by these 3,000 inmates to the prison staff and others. They would avoid the unhealthy and potentially unconstitutional blurring of the boundaries in this area between executive and judiciary.

They would relieve judges from having to go through a misleading ritual and spare themselves from having to give less than convincing reasons for refusing a change. They would do away with the unseemly practice which has, it seems, become more prevalent over recent years, of penal terms, or tariffs, recommended by the trial judge being increased by Home Office officials whose motivation and appreciation of the facts may be suspect.

A kind awareness as to why it has all happened and have few recriminations. But one is often compelled to remember that in such circumstances individuals have no concerns outside their own world. And that is what makes the very first quotation above so odd.

At the moment the Reich is about to collapse, a propagandist rebashes the bogus pan-European idealism the Nazis adopted from time to time. But this statement also resembles a normal piece of Euro-babble of the post-war years. There is a strange continuity where none should exist.

Reading these items day after day, one wants to draw conclusions - about Germans, about human beings in general, about life, and about the rationale behind the selection of the items themselves. But no conclusions can be drawn, no assumptions about any agenda made. Any attempt leads one down murky, dead-end paths that are best avoided.

James Morgan is economics correspondent of the BBC World Service.

I wonder if you can guess which paper this comes from: "European unity, which has so often in the course of history been undermined from within and without, is an immovable aim, for it is based on natural geographic and historical foundations that can never be destroyed. In no area of human activity is European commonality so strongly in evidence as in transport. For the task of the transport industry is to overcome space and its obstacles, and transfer people, goods and information between region and region, and people and people."

In another newspaper published in the same city on the same day there appeared the following classified advertisement: "Heavy truck urgently wanted for purchase by the Embassy of Manchukuo. Tel: 8823-18."

Manchukuo was not quite a fantasy country, it was the Japanese puppet state of Manchuria and the advertisement was inserted in the Nazi Party daily, the *Völkischer Beobachter*, in Berlin exactly 50 years ago. The first quotation

As They Say in Europe / James Morgan

Everyday life in the bunker

comes, not from some curiously overblown and banal editorial in *European Transport Today*, but from the weekly Nazi ideological journal, *Das Reich*, which was edited by the propaganda minister, Josef Goebbels.

Every day this year such items have appeared in a column called "Fifty years ago" in the *Frankfurter Allgemeine Zeitung*. It chronicles the last days of the Third Reich. The column consists largely of extracts from letters, diaries and Wehrmacht bulletins.

Books, too, play a part. There is even a paragraph from "Never lose heart - memories of the fateful days of the German chemical industry" (this provides the account by a factory manager of the grim day he had to close down the Hoechst plant as the Americans closed in.

We are not told what was manufactured there).

The column is addictive. Daily intake of its often mundane little items builds up a picture that does not exactly square with what one knows, but does not contradict it either.

We are offered personal commentaries on cataclysmic events, casting them in a strange light. Some are already well known - the Goebbels diaries and Hitler's chats in the bunker. Some have provided the background to histories of the anti-Nazi resistance; the Berlin diaries of the anti-Nazi Ursula von Karsdorff, are a frequent source.

There is also the familiar propaganda and the projection of oneself on to the enemy. An order of the day issued by General Heinz Guder-

lan called on the people "to kill the Bolshevik murder-beast where it stands".

The authorities deliberately whipped up fear as part of the campaign to inspire resistance; Dr Goebbels in his fantasy world seemed well-pleased by the results.

But the overriding impression is one of a curious normality. Here were people living through a catastrophe their beloved Führer had brought on them; a hideously brutal system was careering towards what the Germans still call the *Zusammenbruch*, the collapse. And yet even those fleeing the Red Army in Silesia and Prussia, even those caught up in the last desperate pockets of resistance, even they seem to get used to it.

Elsewhere, everyday life remained everyday. One reads of

the problems of collecting pensions, of finding a train or the next meal. But overshadowing everything is what one already knows. Read the combined death-and-birth notice in the *Völkischer Beobachter*, celebrating a newborn baby who was "the legacy of my dear husband". One knows that if it appeared in that paper, the father was some ghastly party thug.

Somewhere there must be a message which runs: "In memory of our darling son, SS-Guard Fritz, gone but not forgotten." We do read, after all, the diary of a Rhineland woman who enthusiastically throws herself into speaking up for the friend of a neighbour who has been arrested by the Americans because of his party membership.

The everyday protagonists show

50 years ago

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2	2	+	100	2	2	+	100
3	3	+	100	3	3	+	100
4	4	+	100	4	4	+	100
5	5	+	100	5	5	+	100
6	6	+	100	6	6	+	100
7	7	+	100	7	7	+	100
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55	55	+	100	55	55	+	100
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57	57	+	100	57	57	+	100
58	58	+	100	58	58	+	100
59	59	+	100	59			

هكذا من الاصل

Weekend Investor

Wall Street

Higher growth spooks the bulls

Maggie Urry detects signs that the Dow's climb has finally run out of steam

Is the bull market on Wall Street finally running out of steam? The Dow Jones Industrial Average has risen more than 350 points since the start of the year - taking it to nearly 4,200 during Wednesday's trading - with most commentators predicting a correction all the way up. Yesterday morning it briefly looked as if that correction was coming at last.

For some time Wall Street has been acting like a weather vane, shifting direction according to the latest economic statistics. If a figure suggested the economy was slowing, the market rose. But it has been a rather imperfect gauge of the wind, turning smoothly to the north when "good" news - such as a slowdown in retail sales or rise in unemployment - came, but not spinning so freely back again if "bad" news was released.

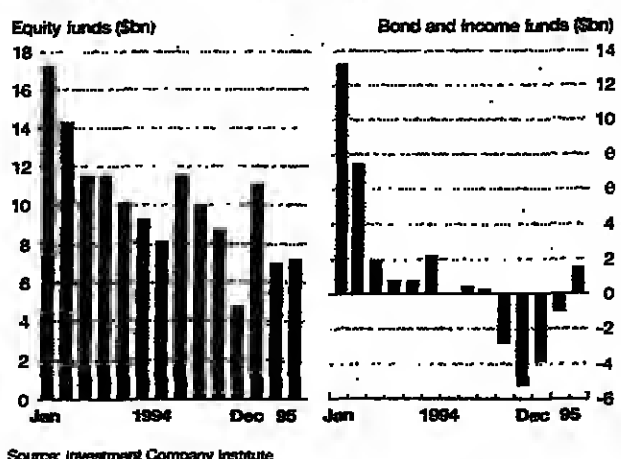
The market has been convinced that the Federal Reserve had set its monetary policy so finely that the overheating economy would slow sufficiently to prevent inflation without tipping into recession. But when the commerce department revised its fourth quarter GDP figure sharply upwards yesterday morning it was as if someone had applied some oil to the vane's bearings. The market spun southwards.

In a sense, the fourth quarter figure for GDP growth - already high at an annual rate of 4.6 per cent before yesterday's revision to 5.1 per cent - should not matter much because in market terms the period it covers is ancient history. But it does mean that the task of the Fed is more difficult. It wants to slow GDP growth to about 2.5 per cent a year, a rate which it regards as non-inflationary and sustainable. It was difficult enough to apply the brakes to an economy speeding at 4.6 per cent, all the harder to one racing at 5.1 per cent.

The revised GDP figure suggests that the figure for the first quarter of this year, when it comes at the end of this month, might be higher than economists hope. That in turn could mean the Fed will increase short term interest rates again when its Open Market Committee meets in May, having left them unchanged at its meeting on Tuesday.

But every cloud has its silver lining, and faster economic growth should buoy corporate

Net sales of mutual funds



profits. The compilation of forecasts by Institutional Brokers Estimate Service shows analysts expecting earnings for companies in the S&P 500 index to grow by 18 per cent in 1995 and 14 per cent in 1996.

That would increase the S&P 500's operating earnings per share from \$31.81 in 1994 to \$37.60 in 1995 and \$43 in 1996, bringing the market p/e down from 15.7 to 13.3 in 1995 and 11.6 in 1996. As so often, the strategists forecast much slower growth in earnings than do the analysts so those p/es may turn out to be optimistic.

Private investors have been returning to the markets through mutual funds, as the chart shows. The declining trend in sales of both equity and bond funds appears to have turned, judging by figures released this week, encouraged by, and adding to, the gain in the stock market this year.

Another force which has been helping to push the stock market higher is the drive by companies to "enhance shareholder value" through a restructuring, often a euphemism for breaking a company up before someone else does. At the risk of offending Prince Charles by making up a new word, the process could be dubbed "to eess-vee".

This week has seen proposals from companies as diverse as The Limited, the fashion retailer, and James River, the paper and packaging group, to eess-vee. Instant enhancement followed as their share prices rose.

The Limited's plan is to split its retail activities into three, keeping full control of one set, and placing the other two in distinct companies which

could then be floated. These two comprise: the lingerie and personal care chains such as Victoria's Secret and Bath & Body Works, and the more mature fashion chains such as the Limited itself and Express. The group would also like to sell a majority stake in its credit card business.

The split would benefit shareholders in two ways. It would, the company hopes, free its more successful activities from the shadow of the higher profile but poorly performing chains, thus improving its share price. The cash raised from selling stakes in the two public companies and the credit card activity would be distributed to shareholders. The mere announcement that the plan was under consideration lifted the shares more than 10 per cent on Tuesday.

James River announced plans to eess-vee last September. This week it said it would spin-off its business papers and packaging divisions, giving shares in them to shareholders. James River's shares also rose more than 10 per cent.

Some companies leave eess-veeing until a bid comes. Tele-dyne, the California-based defence and industrial group, this week asked Goldman Sachs to find a white knight bid from WILX, the steel company. Its shares rose nearly 20 per cent, putting them above the bid price.

Dow Jones Ind Average

Monday	4,157.34	+18.67
Tuesday	4,151.81	-5.53
Wednesday	4,180.80	+8.99
Thursday	4,172.58	+11.76
Friday		

London

Bundesbank's ray of sunshine

Patrick Harverson assesses the German rate cuts

The Bundesbank has so often been cast in the role of economic villain (at least it has in Britain) that it was a nice surprise to find the German central bank spreading a little sunshine throughout global financial markets this week.

Its decision on Thursday to lower the discount rate from 4.5 per cent to 4 per cent and the repurchase rate from 4.25 per cent to 4 per cent went down well on both sides of the Atlantic, primarily because it was so unexpected. The cut was especially warmly received in London, where shares rallied strongly in its wake.

After losing ground in the first three days of the week, the FT-SE 100 jumped more than 40 points when the edit from Frankfurt hit the screens. By the end of the day, the index was at a 1995 high.

Unfortunately, the warm glow left by the German rate cut faded quickly. Yesterday the market retreated from its

highs, unsettled by a big early decline on Wall Street where strong economic figures temporarily revived fears of another increase in US interest rates. Footsie ended down 38 points at 3,137.9, the losses dashing the hopes of those who believed the index had finally broken out of the trading range (2,950 to 3,150) in which it has been stuck for seven months.

Yesterday's declines aside, from the City's point of view the Bundesbank's timing this week could scarcely have been better. The rate cut came a few days after the Federal Reserve's policy-making open market committee had decided to hold US interest rates steady, and a few days before the chancellor and the governor of the Bank of England were scheduled to review UK monetary policy at their regular monthly meeting.

Therefore once the Clarke-George summit ends on Wednesday, equity investors will have had an opportunity

to get a close look at a rare policy tryst. Within a single week, the central banks of the US, Germany and the UK will have publicised their policy intentions, and in the process brought the global interest rates picture more clearly into focus.

(By coincidence, the Bank of Japan also nudged interest rates this week, announcing on Friday that it was lowering its overnight money market lending rates in what was a modest easing but nevertheless symbolic.)

Judging by events so far, the picture emerging is a relatively bright one. Monetary policy on three continents is either on hold or in the process of being eased, and the growing belief among analysts in leading markets that the current interest rate cycle is near or at its peak looks increasingly well founded.

This is good news for stock markets, particularly in London where the fear of another rise in rates has unsettled



Loosening the reins: Hans Tietmeyer, the Bundesbank president

investor sentiment lately. Admittedly, this optimistic view assumes the UK chancellor and Bank of England's governor will decide next week to leave UK rates where they are. At the moment, there is little to suggest they will do otherwise.

The judgment of City economists yesterday was that the Bundesbank's loosening of the German monetary reins had reduced the likelihood of another base rate increase, because it should ease the pressure on sterling.

Of course, making life easier for sterling was not what Hans Tietmeyer, the Bundesbank president, had in mind when he lowered rates. On Thursday he said exchange rates had not even entered the equation.

London, however, was not concerned about motives. What mattered was the impact the cut had on a market that was showing signs of wear and tear as the reporting season neared its end.

The season has mostly been a positive one, and stocks have responded well, but in recent days investors had begun a search for a new reason to buy equities.

Unfortunately, they won't find what they are looking for in the Copeck indicator. This compares an index's end-month level with its position 11 and 14 months ago. When the indicator is in negative territory and starts to move upwards, that is a signal to buy shares.

The indicator for the FT-SE 100 index dropped into negative territory in December, fulfilling the first of the key conditions. At the end of March, however, it had fallen even fur-

ther in the wake of the market's solid showing during the month, so there is no buy signal yet.

There were some sell signals on a few individual stocks this week following unexpected bad news from two of the market's biggest names. On Monday, Inchcape issued a profit warning, its third since the beginning of 1994. The shares tumbled 23p to 278p after the international services and marketing group said its first-half profits this year would be significantly below last year's because of the poor outlook for car markets and the strength of the yen.

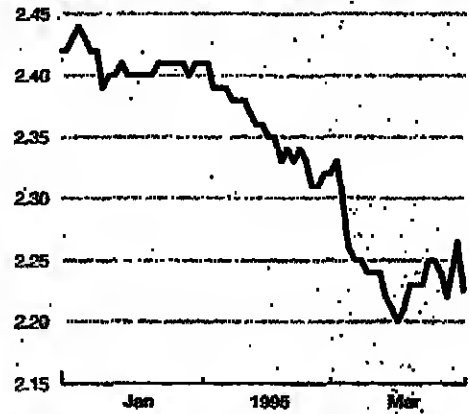
A few days later, shares in the building materials group Redland dropped almost 5 per cent to 445p after the company stunned the market by slicing a third off its dividend despite a jump in profits.

Redland's management was entitled to feel a little hard done by, considering that in the past it had been consistently criticised for paying an unsustainable dividend, but there was no sympathy from investors in income funds, who had understandably grown to love the stock.

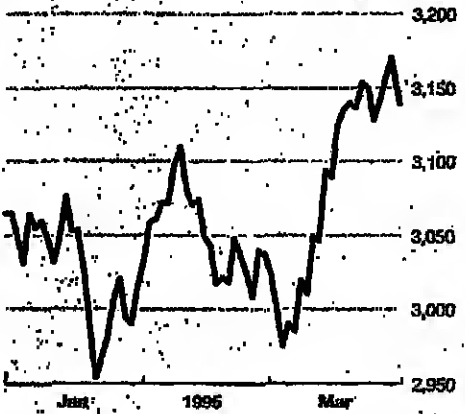
However, there were a few winners this week in the form of those lucky enough to be both a customer of the soon-to-merge Halifax and Leeds building societies and to live in the north west of England, where rebates from local electricity and water companies are in the pipeline. If you add the various payouts together, someone should be sitting on a nice sum thanks to the market's marvellous new mergers and privatisation game. Roll up, roll up.

Footsie shrugs off falling sterling

Sterling against the D-Mark (DM per £)



FT-SE 100 Index



Highlights of the week

	Price	Change	1994/95	1994/95	
	1 day	on week	High	Low	
FT-SE 100 Index	3137.9	-15%	3520.3	2876.6	Currency worries
FT-SE Mid 250 Index	3434.7	+15	4152.8	3300.9	Investor optimism
Amer	71	+9	164	56	Better than expected profits
Bowthorpe	395	+35	389	280	Excellent profits
Croda Int	331	-31	389	324	Stock over profits
Fisons	178	+12	181	103	Bid speculation
Jeyes	146	-16	385	138	Dividend passed
Julcar Tyndall	418	+25	419	214	Bid from Commerzbank
Next	293	+15	295%	214	Recommendations after figures
Northern Foods	183	-11	271%	183	Strauss "sell" advice
Nurdl & Peacock	185	+14	232	126	Bid speculation after SHV approach
Pearson	561	-23	735	539	Disappointment over figures
Redland	438	-21	640	414	Cuts dividend by one third
Sharelink	207	+29	425	135	In bid talks
SmithTime Beecham A	478	-35%	532	357%	US selling

Barry Riley

Past imperfect, future tense

The City is wary of Labour's approach to a changed economy

Stamp duty on share purchases will rise to 2 per cent. This is no April Fool's Day hoax, but was the provocative forecast. Will Hutton (whose post-socialist book *The State We're In* is heading the non-fiction bestseller lists) offered this week to an investment conference organised by Smith New Court.

The stockbrokers were not greatly amused. But then, the City of London does not expect to enjoy the next Labour government. The Conservatives, after all, have cut stamp duty to 1 per cent and they promised to abolish it if the Stock Exchange ever got its Taurus electronic share settlement system off the ground (it didn't).

This parliament has a maximum of two years to run. With the Tories 40 points behind Labour in the opinion polls, accidents could happen much sooner. So it is time to start thinking about the Labour party's industrial and financial agenda. There are some very familiar themes: more investment, especially in manufacturing, and more long-termism.

Past Labour industrial strategies have provided some grim landmarks. There was the National Plan in the 1960s, designed to crank up the economic growth rate to 4 per cent by encouraging civil servants to pick winners and allocate resources. Alas,

annual growth slipped to about 2 per cent by the late 1960s, despite a devaluation.

In the 1970s the Industrial Reorganisation Corporation was succeeded by the National Enterprise Board. White papers were published with titles such as *The Regeneration of British Industry*. Ailing manufacturers were regrouped around tottering cores such as British Leyland and Alfred Herbert. Money was poured into the commanding heights of industry, such as British Steel with its great new plants. Enormous political energy was expended on curiosities such as the doomed Meriden co-operative. The burden of taxes on successful enterprises became extreme, unless they found a path through the thickets of price controls, tax breaks and investment incentives.

Next time it will be different, but not necessarily better. Technology and global markets are developing even faster than in the 1960s and 1970s, so the economy is even less amenable to clumsy political intervention. Embarrassingly, former national champions such as ICL and Rover Group appear to be doing much better under Japanese or German ownership than to Tony Benn's glory days.

Yet investment-driven strategies are irresistibly attractive to politicians playing a numbers game. Who, except environmentalists, could possibly be against increased investment and accelerated growth? Yet Japan is an example of an economy crippled by over-investment. The trouble is, when it comes to capital investment and research and development

playing a numbers game. Who, except environmentalists, could possibly be against increased investment and accelerated growth? Yet Japan is an example of an economy crippled by over-investment. The trouble is, when it comes to capital investment and research and development

Today the economy is even less amenable to clumsy political intervention

spending, quality is vastly more important than quantity. These are costs like any other, and they should be kept down.

In fact recent investment figures appear to have been disappointing, given the strength of output. However, manufacturing investment showed a rise of 8 per cent in the final quarter of 1994 year-on-year, and it can be argued that new equipment is much more productive. This year's fears about a coming shortage of capacity may be no more justified than last year's concerns about the balance of payments deficit.

In some important respects British industry is in very good shape. Profits are

buoyant, and are approaching the best levels of the past few decades. Industrial and commercial companies recorded a financial surplus of £13bn last year (compared with a deficit of £22bn in 1990) and have repaid their stretched balance sheets. The supply side reforms of the 1980s are paying off: the number of days lost through strikes last year was the lowest since records began in the 1950s.

Where the Tories have spoiled things is through a disastrously unstable macroeconomic policy. This has forced companies to reduce their downside risks. Speculative investment in capacity for future growth has been dangerous; survivors have concluded it is better to stay small and jack up prices when the occasional boom comes along.

Probably Labour would need to do nothing more than keep consumer demand relatively subdued and run a steady macroeconomic policy. But no doubt left-wing academics are itching to get their hands on the industrial microeconomy.

Manipulating institutional investors is bound to be high on the agenda: they are much more powerful than 30 years ago. Whether 2 per cent stamp duty and a tapered capital gains tax would really convert them from short-termists into caring "relationship" investors is another matter. In

any case a large and active stock market is one of Britain's strengths, particularly now the abuse of hostile takeover bids has been largely stopped by two key reforms: a new acquisitions accounting standard and greater linkage of executive remuneration to share values, which makes company bosses less eager to pay silly prices for other companies.

Market pressures are forcing big UK companies to manage themselves more effectively than happens in Germany or, most obviously, in the subsidy-ridden corporatist heaven (some might say hell) of France.

What the UK ought to envy is the medium-sized company sectors of countries such as Germany and Italy. Too many small British companies are simply waiting to sell out to a corporate giant. The City seeks to grow fat on the fees resulting from an endless cycle of flotations, takeovers and buyouts. Companies that stay independent may well create more economic growth in the long run - but they generate few fees.

A real April Fool's theory is that Labour will devise a better framework for encouraging a British Mittelstand (or private company sector). But you never know, a 60 per cent income tax rate and a few new tax shelters might just do the trick.

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Offshore managed funds are listed in this section, UK managed funds in Section One

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